

**ANNUAL BUDGET OF**

**SWARTLAND**

**MUNICIPALITY**

**2015/16 TO 2017/18**

**MEDIUM TERM REVENUE AND**

**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		



## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

Will be inserted after being tabled to council.

### **1.2 Council Resolutions**

Will be inserted after being approved by council.

### **1.3 Executive Summary**

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 74 and No. 75 was also used to guide the compilation of the 2015/16 MTREF.

The Medium Term Budget Policy Statement (MTBPS) 2014 highlights that South Africa's economic performance has deteriorated over the past several years. Gross domestic product (GDP) growth of 1.4 per cent is estimated in 2014, down from 3.6 per cent in 2011. GDP growth is projected to improve over the medium term as infrastructure constraints ease, private investment recovers and exports grow. Economic growth is expected to rise gradually over the medium term, reaching 3 per cent by 2017. Inadequate electricity supply, however, will impose a serious constraint on output and exports over the short term.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore, municipalities must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritization of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure. Furthermore municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. To assist municipalities, Government will also provide support to improve revenue collection.

The Medium Term Strategic Framework (MTSF) priorities for structural reform over the period ahead include:

- Building the capacity of local government through the **“back to basics”** approach which will focus on improving service delivery, accountability and financial management. Local government should be effective and efficient; and this will be measured by its ability to perform the basic mandate of service delivery.





- Reshaping South Africa's urban environment through integrated spatial planning and an expansion of the municipal debt market. Municipalities play a critical role in growing the economy through well-planned and well-managed urbanisation. In order to achieve this, large municipalities require massive investment to stimulate growth, maintain infrastructure and ensure that basic services are provided for growing populations. Over the next three years, the government will roll-out a new approach to local government infrastructure financing. Incentives will be introduced to encourage large urban municipalities to promote more compact, efficient and equitable cities. Planning will focus on developing mixed-use precincts that can help to catalyse economic activity, and on upgrading informal settlements. Government will also aim to improve the management of infrastructure financed from grants and own sources, with emphasis being placed on the ability of municipalities to expand their own contribution to infrastructure development.

Sustainable job creation remains a national priority. Swartland Municipality is committed to this cause through the full participation in the Expanded Public Works Program (EPWP). The municipality does however recognise the fact that the EPWP incentive provided by National Government will not succeed as a stand-alone solution to address unemployment and poverty in the municipal area. For this reason, economic growth that benefits all has also been identified as the first major priority in the IDP. Strategic goals contained in the IDP can be summarised as follows:

Strategic Goal	Outcomes	Outputs
1: Create opportunities for growth and jobs	1: Make it easier to do business	<ul style="list-style-type: none"> <li>Reduction in red tape</li> <li>High quality, competitive and efficient infrastructure</li> <li>An improved economic eco-system which embraces innovation</li> </ul>
	2: Boost competitiveness of our economy	<ul style="list-style-type: none"> <li>Appropriately skilled economy</li> <li>Thriving entrepreneurs and small businesses</li> <li>Economic and environmental sustainability</li> </ul>
	3: Promote our region in national and international markets	<ul style="list-style-type: none"> <li>Higher internal and external investment</li> <li>Improved market access for firms and key sectors</li> <li>World class visitor economy</li> </ul>
2: Improve education outcomes and opportunities for youth development	1: Improve the level of language and maths in all schools	<ul style="list-style-type: none"> <li>Improve the quality of teaching in Grade R</li> <li>Update all language and mathematics strategies</li> <li>Improve the skills and knowledge of teachers</li> </ul>
	2: Increase the quality of education provision in poorer communities	<ul style="list-style-type: none"> <li>Improve ECD quality</li> <li>Provide MOD centres</li> <li>Ensure schools are funded and increase no fee schools</li> </ul>



Strategic Goal	Outcomes	Outputs
	3: Increase the number and quality of matric passes	<ul style="list-style-type: none"> <li>▪ Increase access to e-learning</li> <li>▪ Improve the quality of teaching</li> <li>▪ Recruit, select and retain competent and quality principals and HODs</li> </ul>
	4: Provide more social and economic opportunities for our youth	<ul style="list-style-type: none"> <li>▪ Youth Cafés</li> <li>▪ Career information, awareness and platforms</li> <li>▪ Scholarships/internships and bursaries</li> </ul>
	5: Improve family support to children and youth and facilitate development	<ul style="list-style-type: none"> <li>▪ Communication with parents on roles and responsibilities</li> <li>▪ Provision of appropriate psychosocial support programmes</li> <li>▪ Parent evenings at schools</li> </ul>
3: Increase wellness, safety and tackle social ills	1: Healthy people living in safe, supportive and caring communities	<ul style="list-style-type: none"> <li>▪ Strengthening social services and safety net</li> <li>▪ Promote positive role of fathers and men in integrated families</li> <li>▪ Increase level of maternal education</li> </ul>
	2: Healthy workforce	<ul style="list-style-type: none"> <li>▪ Increase access to employee wellness and assistance programmes</li> <li>▪ Engage major employers to address wellness of employees</li> <li>▪ Ensure safety of employees in the workplace</li> </ul>



Strategic Goal	Outcomes	Outputs
3: Increase wellness, safety and tackle social ills <i>(continued)</i>	3: Safe and resilient families	<ul style="list-style-type: none"> <li>Promote positive parenting</li> <li>Provide preventive health services</li> <li>Improve access to, uptake and quality of ECD services</li> </ul>
	4: Healthy children	<ul style="list-style-type: none"> <li>Focus on the first 1000 days of life</li> <li>Provide preventive health services</li> <li>Improve access to, uptake and quality of ECD services</li> </ul>
	5: Positive and engaged youth	<ul style="list-style-type: none"> <li>Accessible sexual and reproductive health services</li> <li>Accessible sexual and reproductive health services</li> <li>Opportunities for youth to be active</li> <li>Opportunities for youth to be active and responsible citizens</li> <li>Technology to communicate with youth</li> <li>Strengthen mental well-being, self-esteem and personal agency</li> </ul>
4: Enable a resilient, sustainable, quality and inclusive living environment	1: Sustainable ecological and agricultural resource-base	<ul style="list-style-type: none"> <li>Maintenance and sustainable use of agricultural and ecological resources and infrastructure</li> <li>Climate change response</li> </ul>
	2: Sustainable and integrated urban and rural settlements	<ul style="list-style-type: none"> <li>Increased housing opportunities</li> <li>Improved settlement functionality, efficiencies and resilience</li> </ul>
5: Embed good governance and integrated service delivery through partnerships and spatial alignment	1: Inclusive society	<ul style="list-style-type: none"> <li>Service interface</li> <li>Community Engagement</li> </ul>
	2: Integrated Management	<ul style="list-style-type: none"> <li>Policy alignment, integrated planning, budgeting and implementation</li> <li>M&amp;E System with intergovernmental reporting</li> <li>Spatial governance targeting and performance</li> </ul>
	3: Enhanced Provincial and Local Governments	<ul style="list-style-type: none"> <li>Efficient, effective and responsive provincial governance</li> <li>Efficient, effective and responsive local governance</li> <li>Strategic partnerships</li> </ul>



In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

**Consolidated Overview of the 2015/16 MTREF (R'000)**

R thousand	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Total Operating Revenue	480 874	496 737	544 124	599 213
Total Operating Expenditure	546 436	565 108	604 354	650 501
<i>Surplus/(Deficit) before capital transfers</i>	(65 562)	(68 371)	(60 230)	(51 288)
Transferred Recognised Capital	50 020	53 484	48 187	48 653
<i>Surplus/(Deficit) for the year</i>	(15 543)	(14 887)	(12 043)	(2 635)

Total operating revenue is expected to grow by 3.30 per cent or 15.863 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 9.54 and 10.12 per cent respectively, equating to a total revenue growth of R118.339 million over the MTREF (2015/2016 to 2017/2018).

Total operating expenditure for the 2015/16 financial year has been appropriated at R565.108 million and translates into a budgeted deficit of R68.371 million (before capital transfers). When compared to the 2014/15, operational expenditure is projected to grow by 3.42 per cent in the 2015/16 budget and by 6.94 and 7.64 per cent for each of the respective outer years of the MTREF.

As a result of the projected revenue being increased at a greater rate than the planned expenditure program, the operating deficit (before capital grant transfers) stated at R 65.562 million in 2014/15 is expected to decrease to R51.288 million in 2017/2018. Although this decline in operating deficit is a major step towards the operating budget of the municipality being self-sustainable, the municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not require the ratepayer to fund these operations through property taxes.

The financial performance of all departments over the MTREF can be summarised as follows:



Swartland Municipality

2015/16 Annual Budget and MTREF

R'000	Revenue	Expenditure	Surplus/ (Deficit)	Revenue	Expenditure	Surplus/ (Deficit)	Revenue	Expenditure	Surplus/ (Deficit)
<b>Corporate Services</b>									
1.1 - Administration	242	8 537	(8 295)	242	8 452	(8 210)	242	9 073	(8 831)
1.2 - Human Resources	633	3 957	(3 324)	653	4 024	(3 372)	702	4 366	(3 664)
1.3 - Libraries	6 369	6 546	(177)	7 191	6 664	527	7 612	6 984	627
1.4 - Marketing and Tourism	22	1 151	(1 129)	23	1 161	(1 137)	25	1 193	(1 168)
1.5 - Town and Community Halls	238	2 946	(2 708)	250	3 072	(2 822)	263	3 295	(3 032)
<b>Civil Services</b>									
2.1 - Administration	-	3 576	(3 576)	-	3 647	(3 647)	-	3 809	(3 809)
2.2 - Cemeteries	441	398	43	458	404	54	476	422	54
2.3 - Municipal Property Maintenance	690	10 476	(9 786)	689	10 712	(10 023)	727	10 866	(10 139)
2.4 - Parks and Recreational Areas	380	9 863	(9 483)	-	10 318	(10 318)	-	11 121	(11 121)
2.5 - Proclaimed Roads	264	291	(27)	122	306	(184)	128	321	(193)
2.6 - Refuse Removals	30 387	28 959	1 428	32 765	30 207	2 558	35 245	32 268	2 976
2.7 - Sewerage Services	47 769	42 187	5 581	53 093	45 348	7 746	57 676	46 214	11 462
2.8 - Sportgrounds	1 194	3 287	(2 093)	93	3 550	(3 457)	97	3 943	(3 846)
2.9 - Streets and Stormwater	1 267	49 540	(48 274)	65	50 416	(50 351)	70	52 819	(52 749)
2.10 - Swimming Pools	183	1 966	(1 783)	184	2 073	(1 889)	185	2 202	(2 017)
2.11 - Water Distribution	49 552	57 885	(8 333)	55 150	62 598	(7 448)	61 193	68 585	(7 392)
<b>Council</b>									
3.1 - Council General Expenses	125	14 645	(14 520)	125	15 337	(15 212)	125	15 717	(15 592)
3.2 - Grants and Subsidies - General	-	-	-	-	-	-	-	-	-
<b>Electricity Services</b>									
4.1 - Distribution	211 931	198 062	13 869	237 890	219 649	18 241	266 417	243 012	23 404
4.2 - It Services	-	8 515	(8 515)	-	9 135	(9 135)	-	9 944	(9 944)
<b>Financial Services</b>									
5.1 - Administration	21 104	38 094	(16 990)	22 680	40 713	(18 033)	26 006	43 250	(17 244)
5.3 - Grants and Subsidies - Fmg	1 450	2 016	(566)	1 475	2 118	(643)	1 550	2 255	(705)
5.6 - Rates Services	85 230	-	85 230	93 548	-	93 548	102 483	-	102 483
5.7 - Supply Chain Management	-	4 867	(4 867)	-	5 106	(5 106)	-	5 487	(5 487)
<b>Development Services</b>									
6.1 - Administration	1	1 808	(1 808)	1	2 311	(2 311)	1	3 131	(3 130)
6.2 - Caravan parks - Yzerfontein	2 420	1 385	1 035	2 541	1 421	1 120	2 668	1 534	1 134
6.3 - Community Development	36	2 916	(2 880)	110	3 060	(2 950)	181	3 327	(3 146)
6.4 - Planning and Valuations	528	6 059	(5 531)	533	5 410	(4 877)	539	5 637	(5 099)
6.5 - Building Control	1 401	2 254	(853)	1 458	2 323	(866)	1 517	2 515	(998)
6.6 - Housing	233	1 365	(1 132)	233	1 417	(1 184)	233	1 491	(1 258)
6.7 - Occupational Health and Safety	-	1 325	(1 325)	-	1 293	(1 293)	-	1 469	(1 469)
<b>Municipal Manager</b>									
7.1 - Administration	100	3 844	(3 744)	100	3 982	(3 882)	100	4 202	(4 102)
7.2 - Internal Audit	330	1 558	(1 228)	330	1 785	(1 455)	330	1 851	(1 521)
<b>Protection Services</b>									
8.1 - Administration	-	1 673	(1 673)	-	1 740	(1 740)	-	1 855	(1 855)
8.2 - Civil Protection	-	150	(150)	-	150	(150)	-	150	(150)
8.3 - Fire Fighting	0	2 512	(2 512)	0	2 942	(2 942)	0	3 093	(3 093)
8.4 - Harbour Yzerfontein	18	58	(40)	18	63	(45)	18	68	(50)
8.5 - Licensing and Traffic Services	6 072	6 803	(731)	6 261	7 056	(794)	6 459	7 157	(698)
8.6 - Policing and Law Enforcement	26 129	33 633	(7 504)	25 846	34 391	(8 545)	25 948	35 876	(9 928)
<b>Total (excluding Capital Transfers)</b>	<b>496 737</b>	<b>565 108</b>	<b>(68 371)</b>	<b>544 124</b>	<b>604 354</b>	<b>(60 230)</b>	<b>599 213</b>	<b>650 501</b>	<b>(51 288)</b>



We recognise the fact that there are significant non-cash items included in operating expenditure (such as depreciation), and ultimately the municipality should review the impact that the proposed budget will have on the cash position of the municipality before reaching any conclusions with regards to the affordability of the planned expenditure program. (More detail with regards to affordability and the projected cash position of the municipality will follow in section 1.3.1 of this report). As a rule of thumb however, the municipality should strive to budget for an operating surplus, as all non-cash items will eventually translate into a cash requirement when for example the fully depreciated assets needs to be replaced.

Similar to other municipalities in South Africa, Swartland Municipality is also faced with infrastructure backlogs that far exceed the financial means of the municipality. The capital budget, along with the proposed funding mix, remains one of the most important components of the annual budget process, as the municipality is required to strike the perfect balance between eradicating service delivery backlogs on the one hand while still ensuring that the municipality remains financially viable on the other. The capital program of the municipality should never jeopardize the financial sustainability of any municipality, as this will be detrimental to both the municipality as well as the municipal population as a whole.

The following capital program is proposed by the municipality:

Description	Final Budget		2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15 R'000	Budget Year 2014/15 %	Budget Year 2015/16 R'000	Budget Year 2015/16 %	Budget Year +1 2016/17 R'000	Budget Year +1 2016/17 %	Budget Year +2 2017/18 R'000	Budget Year +2 2017/18 %
Total Capital Expenditure	107 496	100%	92 885	100%	93 451	100%	91 633	100%
<b>Funded by:</b>								
Transfers recognised - capital	48 520	45%	51 984	56%	48 187	52%	48 653	53%
Public contributions & donations	1 500	1%	1 500	2%	–	0%	–	0%
Borrowing	–	0%	8 500	9%	18 500	20%	23 500	26%
Internally generated funds	57 476	53%	30 901	33%	26 764	29%	19 480	21%
Total Capital Funding	107 496	100%	92 885	100%	93 451	100%	91 633	100%

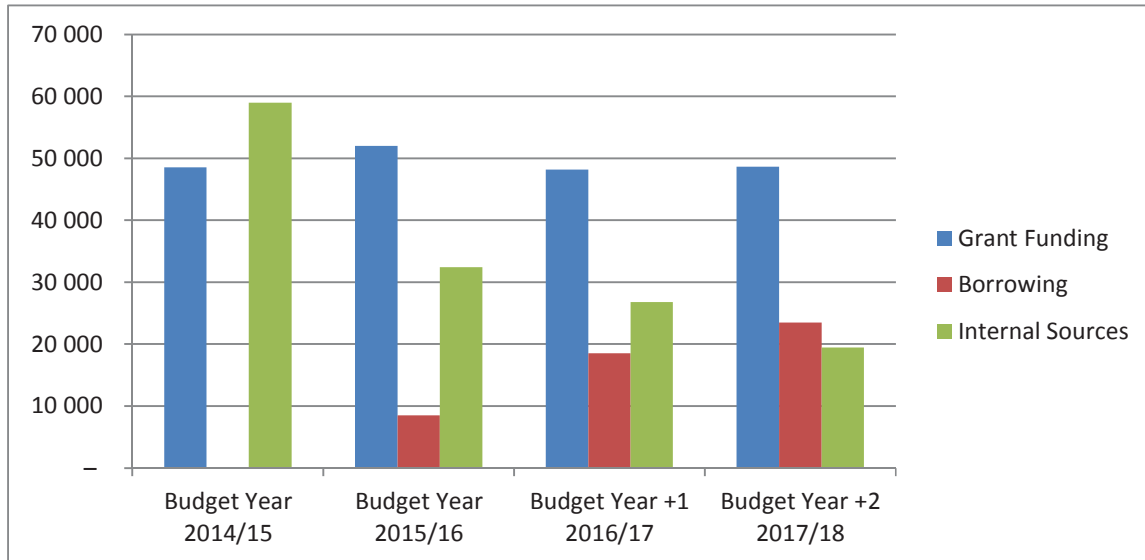
The capital budget of R92.885 million for 2015/16 is R 14.610 million less when compared to the final budget for 2014/15 Adjustment Budget. The decrease can mainly be attributed to the decrease in proposed expenditure to be financed from internally generated funds – a trend that is set to continue throughout the MTREF. Unlike previous approved budgets where internally generated funds contributed to far more than 50% of the proposed capital budget, the municipality is definitely moving towards a situation where capital program becomes more affordable.

This decline in funding from own sources is partially offset by an increase in grant funding as well as external funding to be obtained in the form of loans over the MTREF. Loans are considered to be an excellent instrument to ensure that the costs of funding (a capital project) are distributed over the lifetime of the capital asset to be acquired. This will in turn ensure that the user that derives the benefit from the capital assets financed from external loans is also



responsible to “pay” for the asset when capital repayments and interest are factored into the service charges to be levied.

The funding structure of the capital program can be illustrated as follows (R'000):

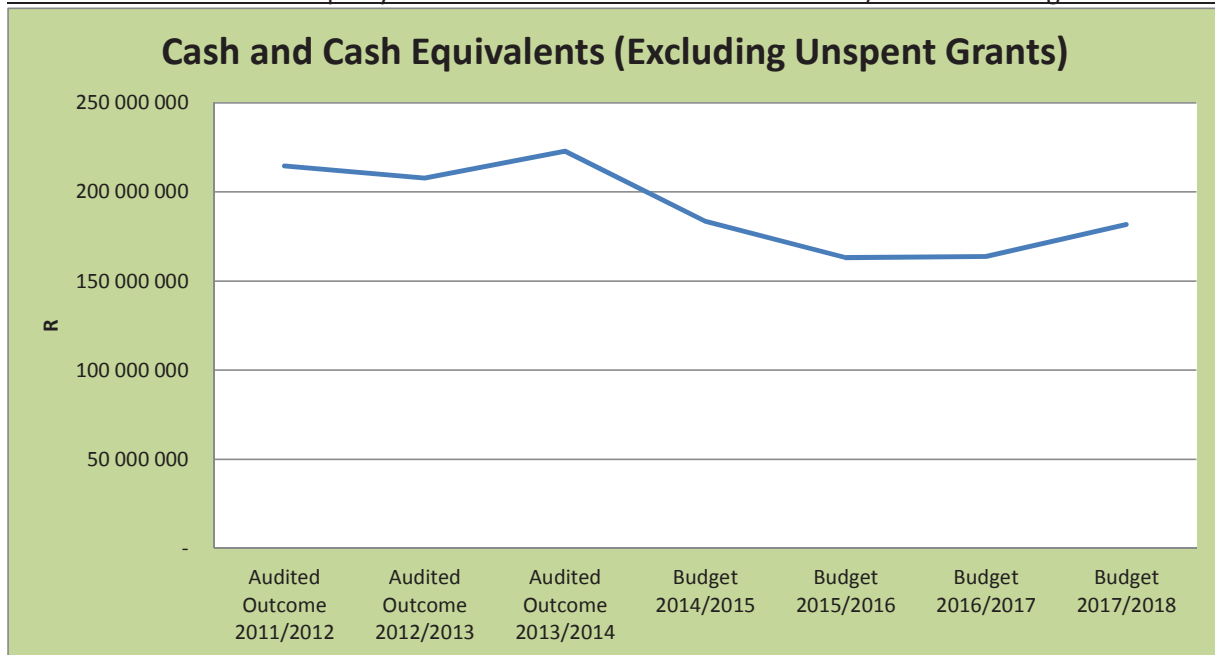


The affordability of the capital budget will be discussed in more detail below.

### 1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation of cash resources over the long term. Swartland Municipality is no different, and in line with the Long Term Financial Strategy is committed to curb the downward trend in cash resources as illustrated below:



This “stabilising” trend will have a significant positive effect on the financial viability of the municipality.

The financial viability model utilised by Swartland Municipal is based on the model jointly developed by Swartland Municipality and the Western Cape Provincial Treasury and assesses 10 key ratios that is considered the most important indicators when assessing the long term viability of the municipality. A weighting is attached to each indicator that will eventually provide the municipality with a viability score out of 100.

The municipality should always strive to achieve a score of 100. In the case where a score of less than 100 is achieved, the municipality should implement suitable strategies to improve the scoring.

The 10 indicators, along with the proposed benchmark and weight are included in the following table:

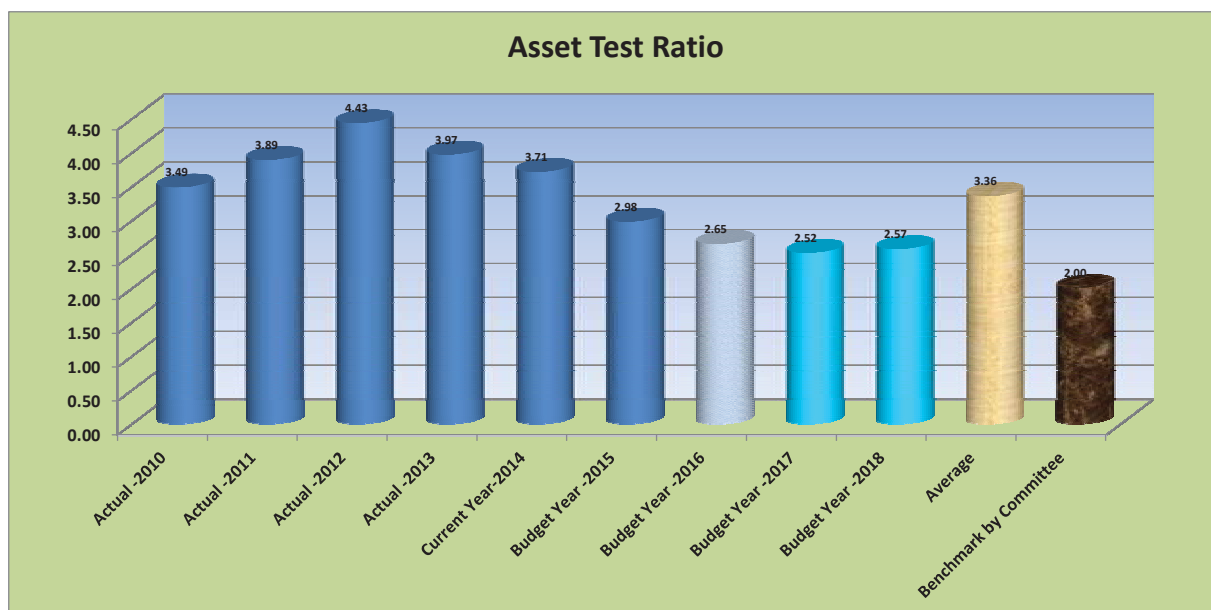




ITEM	Benchmark	Viability Weight	Standard 1	Score 1	Standard 2	Score 2	Standard 3	Score 3	Standard 4	Score 4	Standard 5	Score 5
Asset Test Ratio	200%	10	200%	10	150%	8	100%	5	50%	2	0%	0
Payment Level (Excluding write-off of bad debts)	> 95%	15	95%	15	90%	11	85%	6	80%	3	75%	0
Cash Generated from Operations as % of Revenue	> 20%	8	20%	8	15%	6	10%	4	5%	2	0%	0
Purchase of PPE as % of Cash Generated	< 100%	8	100%	8	110%	6	120%	4	135%	2	150%	0
Cost Coverage (Excluding Unspent Grants)	4	15	4	15	4	10	3	5	2	2	1	0
Debtors Turnover (days) (Before impairment)	< 45 days	2	75	2	90	1	110	0	130	0	150	0
Longterm debt as % of Revenue	< 40%	5	40%	5	50%	4	75%	3	95%	2	100%	0
Debt servicing cost to Revenue	< 5%	8	5%	8	7.50%	6	10%	4	12.50%	2	15%	0
Short-term debt as % of Cash	< 100%	4	50%	4	70%	3	80%	2	100%	1	125%	0
Cash Funded Budget over MTREF	> R0	25	Yes	25	No	0	0	0	0	0	0	0

### 1.3.1.1 Asset Test Ratio

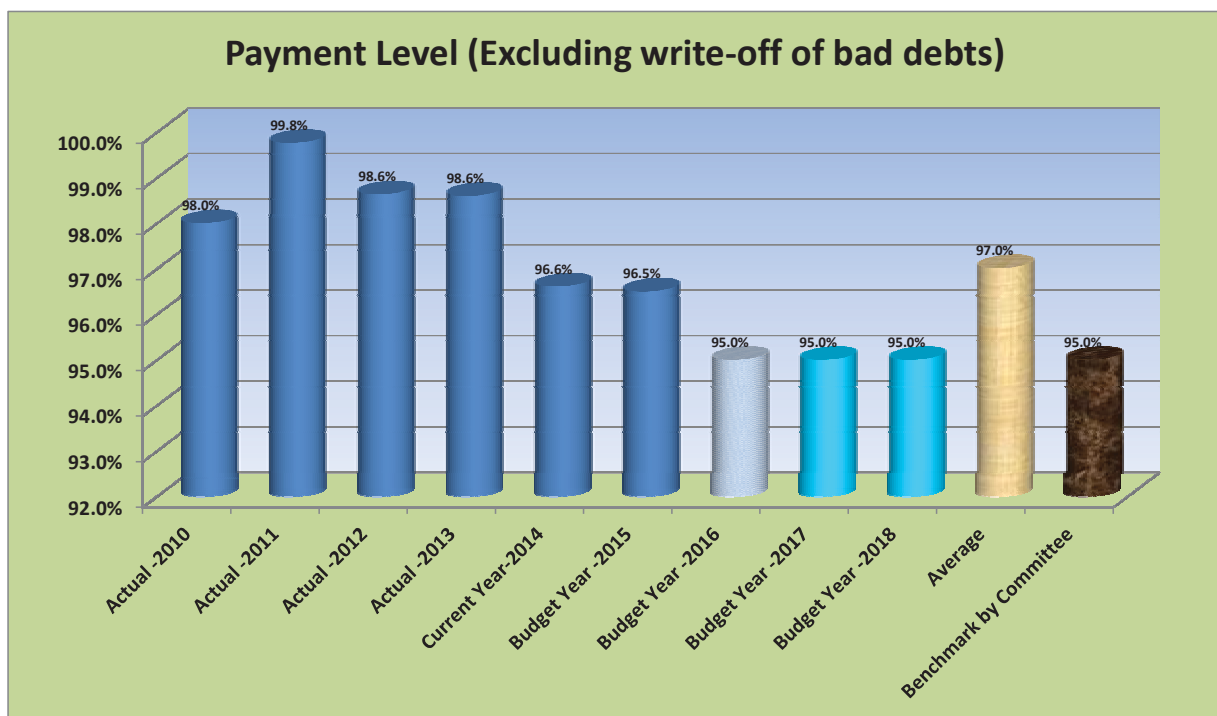
The asset test ratio is set to remain above the ratio of 2:1 over the entire MTREF. This provides us with a strong indication that the municipality will be able to settle commitments if and when they become due.



The full score of 10 is allocated to this indicator for all periods under review.

### 1.3.1.2 Payment Level

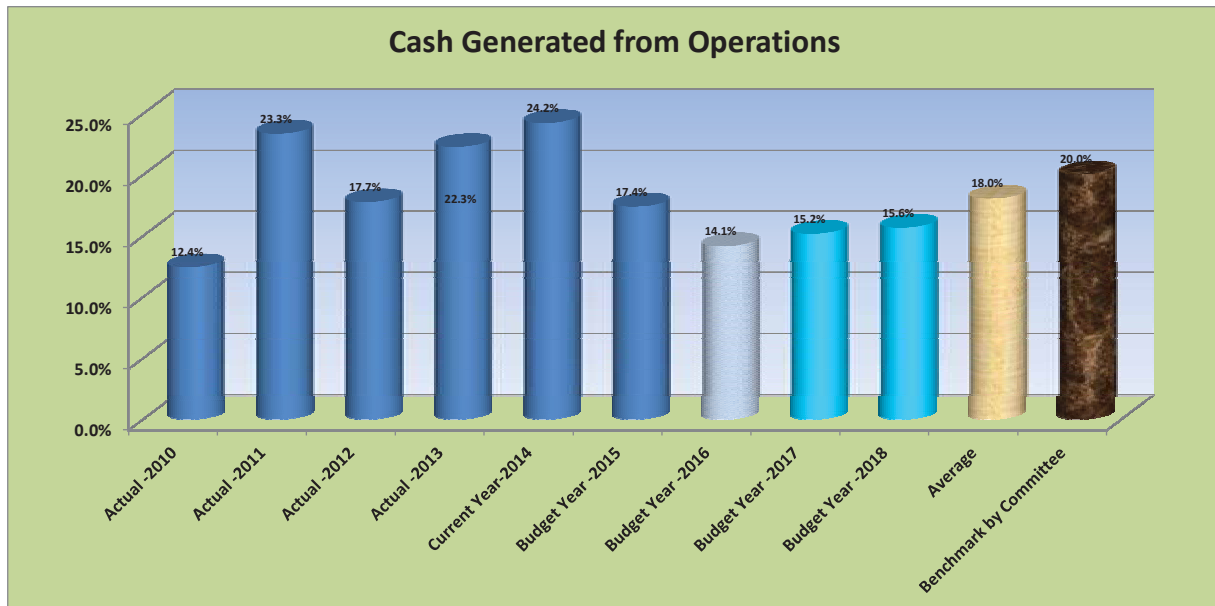
Historically, the municipality has always been able to apply strict measures when it comes to revenue collection and this trend is set to continue. Although the graph below indicates a declining trend in this ratio, the decline can mainly be attributed to the conservative approach followed during the budgeting process when compared to the most recent actual results. This conservative approach will better gear the municipality towards possible financial “shocks/setbacks” that is beyond the control of the municipality.



This conservative approach does not negatively impact on the financial viability scoring at all, as a 95% payment level is considered very good compared to industry norms. A full score of 15 is allocated for this indicator in all periods under review.

### 1.3.1.3 Cash Generated from Operations as % of Revenue

This indicator provides the municipality with a measure of the municipality's ability to translate the operating budget into cash. The downward trend as identified in the graph below is an indication of the inability of the municipality to pass the increases in major cost drivers to the consumer/rate payer in the form of service charges and taxes. The municipality should explore relevant areas where non-essential expenditure can be reduced in order to improve this indicator. Any improvement in this indicator will significantly contribute to the availability of cash resources for capital purposes.

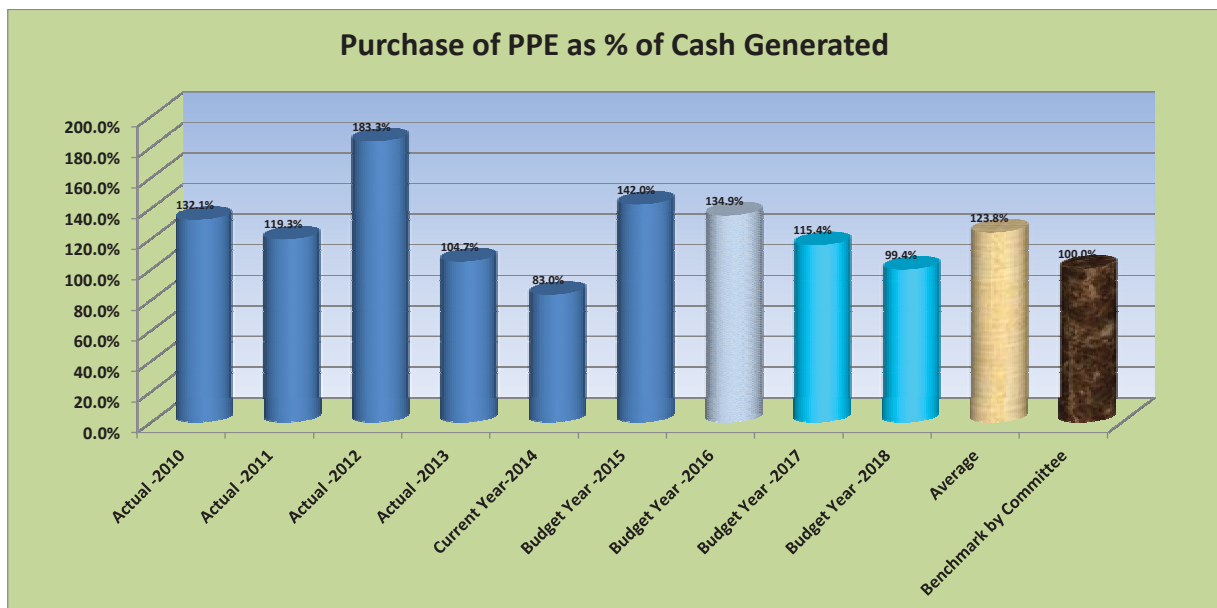


From a possible score of 8, the municipality will only obtain a score of 4 during 2015/2016. This score will increase to 6 for the 2 outer years of the MTREF.

### 1.3.1.4 Purchase of PPE as % of Cash Generated

This indicator measures the ability of the municipality to finance the capital program from cash generated in the same financial period. Any indicator above 100% is indicative of a shortfall in cash which increases the need to utilise accumulated cash resources from prior years. Alternatively in order to preserve cash resources, the municipality will need to raise external loans. As previously discussed, external loans is an excellent instrument to promote the principle of “user pays”. It is also very useful to fast track much needed infrastructure projects where the municipality is not in a position to finance a specific project from own resources. The municipality should however be mindful of the affordability factor specifically relating to loans that will be discussed in more detail in section 1.3.1.7 and 1.3.1.8.

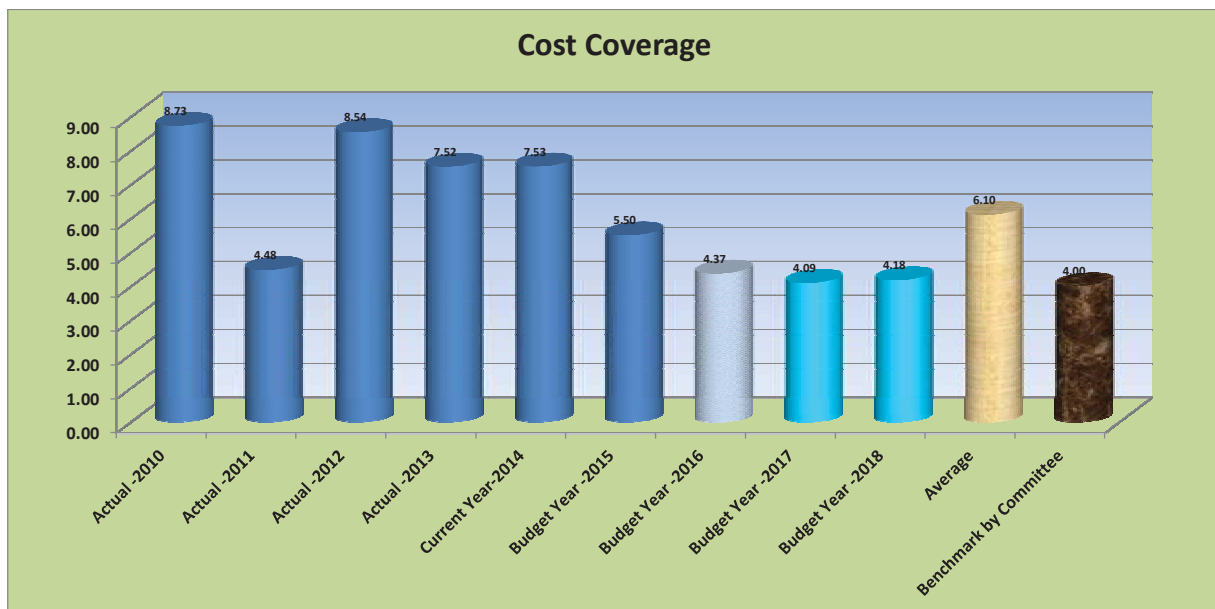
The municipality has been able to significantly reduce the capital program, specifically relating to those financed from own sources, which is quite evident in the downward trend below.



From a possible score of 8, the municipality will score a 2 for the period 2015/2016. This score will increase to 4 in 2016/2017 before a full score of 8 is obtained in 2017/2018 when the ratio falls below the norm of 100%.

### 1.3.1.5 Cost Coverage

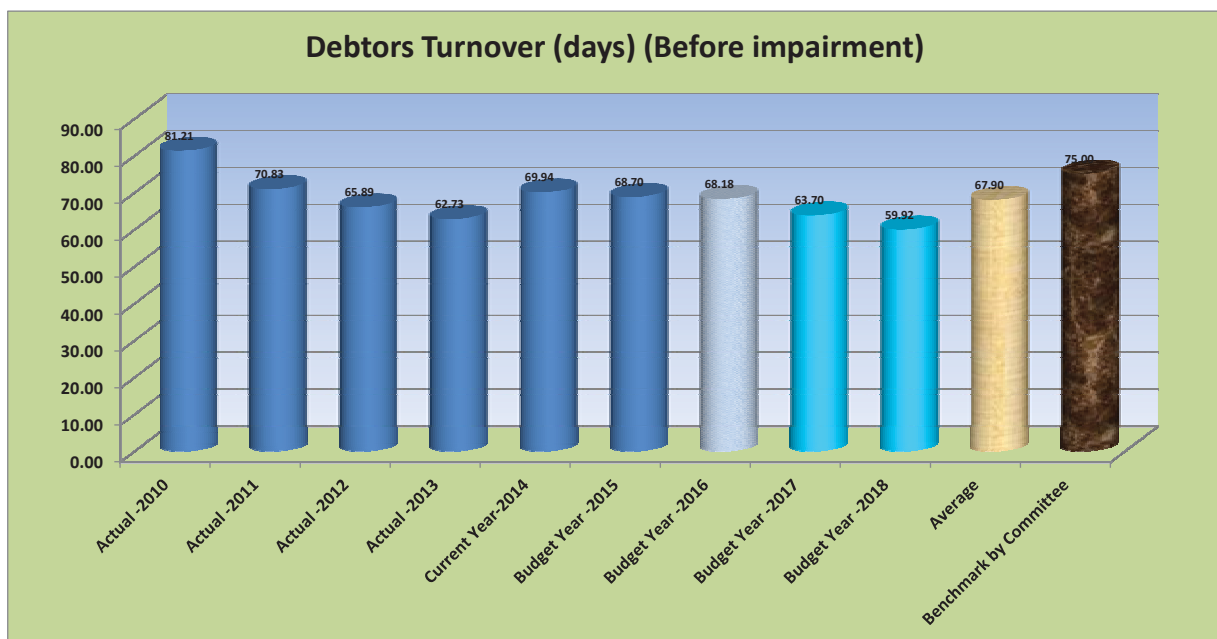
This ratio measures the amount of months' operating expenditure for which cash is available at each respective year-end. This indicator will also provide a good indication of how the municipality will be able to react to financial "shock/setbacks" that is beyond the control of the municipality (for example - National Treasury delays the payments of grants or a sudden drop in payment levels from consumers/rate payers). The guidelines provided by National Treasury indicate that a level of 1 to 3 months is considered to be acceptable. Swartland Municipality has however accepted a level of 4 months, which is in line with other municipalities that are considered to be financially sound, as the measure for this indicator.



The full score of 15 is allocated to this indicator for all periods under review.

### 1.3.1.6 Debtor Turnover Days

This ratio indicates to what extent credit control and debt collection measures are being implemented. In short, the indicator provides an indication of how many days it takes to convert billed revenue into cash. Thus, it is a good indicator of how credit control and debt collection measures are being implemented at the municipality. As previously discussed, high standards are maintained when it comes to debt collection which is clearly evident below:



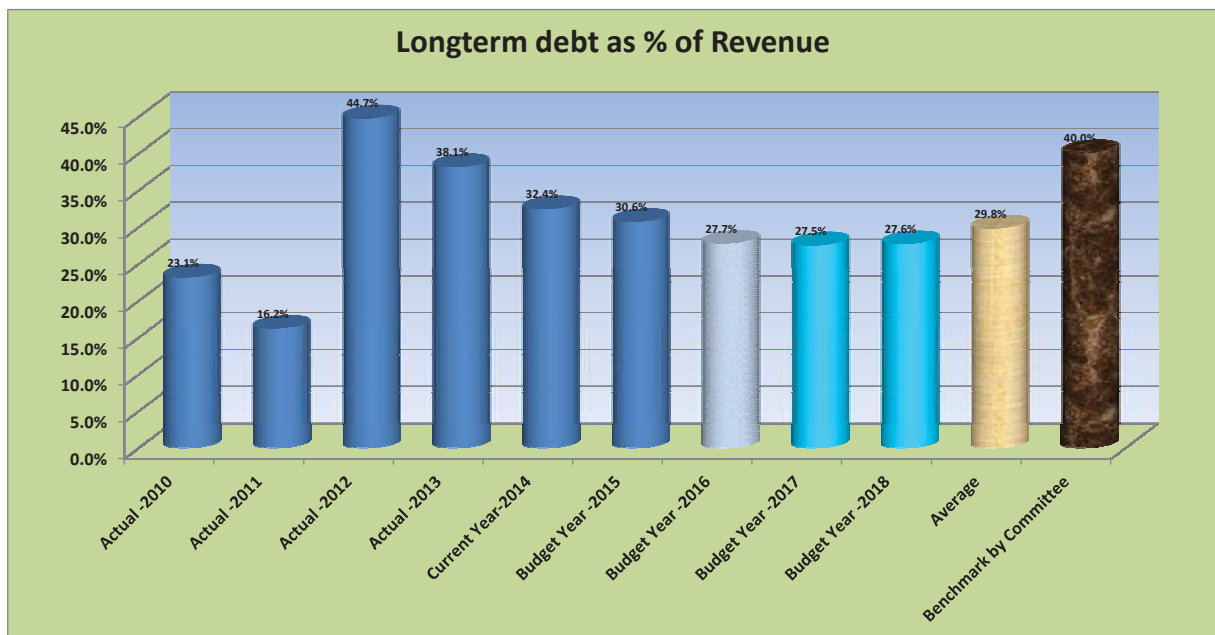
A full score of 2 is allocated to all periods under review.

### 1.3.1.7 Long Term Debt as % of Revenue

External borrowing is an important part of the funding model of the municipality. Not only does it instantly provide the municipality with relatively inexpensive capital to fast-track service delivery and infrastructure backlogs, but it also ensures that the user of the infrastructure pay for the use over the lifetime of the asset. The current capital program provides for a significant portion of the program to be financed through external financing.

This indicator provides the municipality with a debt ceiling – the maximum level of external borrowing that the municipality will be able to accommodate in the in the statement of financial position before the “affordability” factor becomes a concern.

Currently the municipality is operating well below the debt ceiling of 40%. This opens the possibility to further borrowing to be incorporated into the funding mix of the municipality. Any further loans should however be evaluated against the set norms before being taken up.

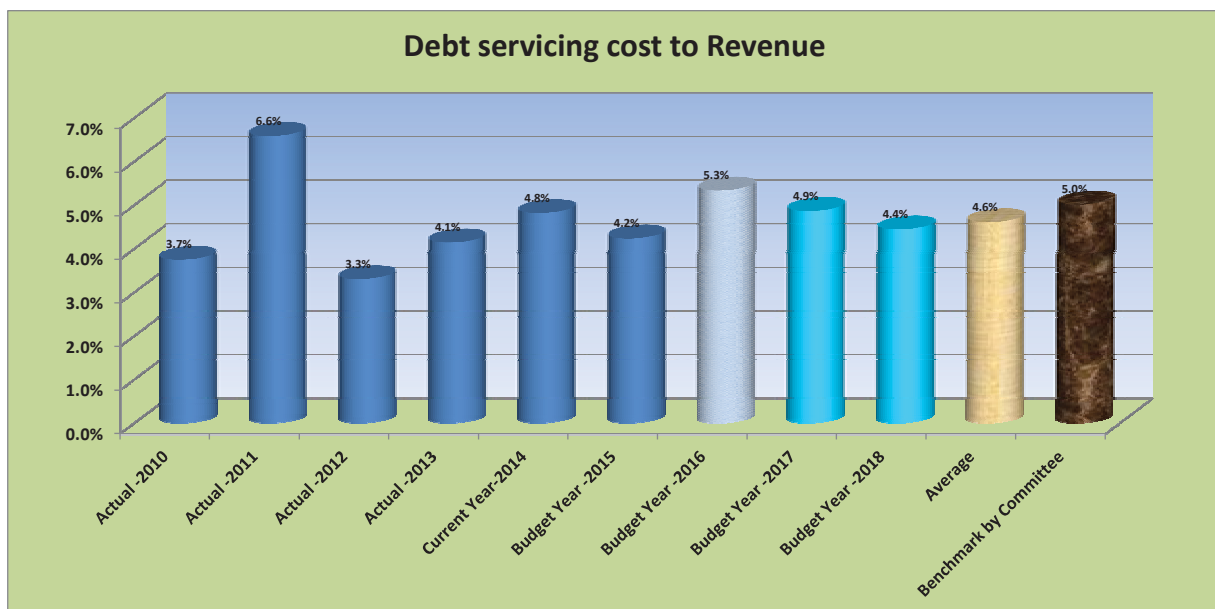


Based on the current funding mix, a full score of 5 is allocated to indicator over the entire MTREF.

### 1.3.1.8 Debt Servicing Cost to Revenue

This indicator should be reviewed in conjunction with the debt ceiling as discussed in section 1.3.1.8 and is a measure of the ability of the operating budget to finance loan installments when they become due. A level of 5% is considered to be affordable.

Based on the current level of debt, the indicator is expected to be above the norm of 5% during 2015/2016 before the indicator is expected to fall within the norm for the remainder of the MTREF. However, there is very limited room for additional loan funding to be introduced in the current funding structure, as additional loans could potentially increase this indicator to levels above acceptable limits.

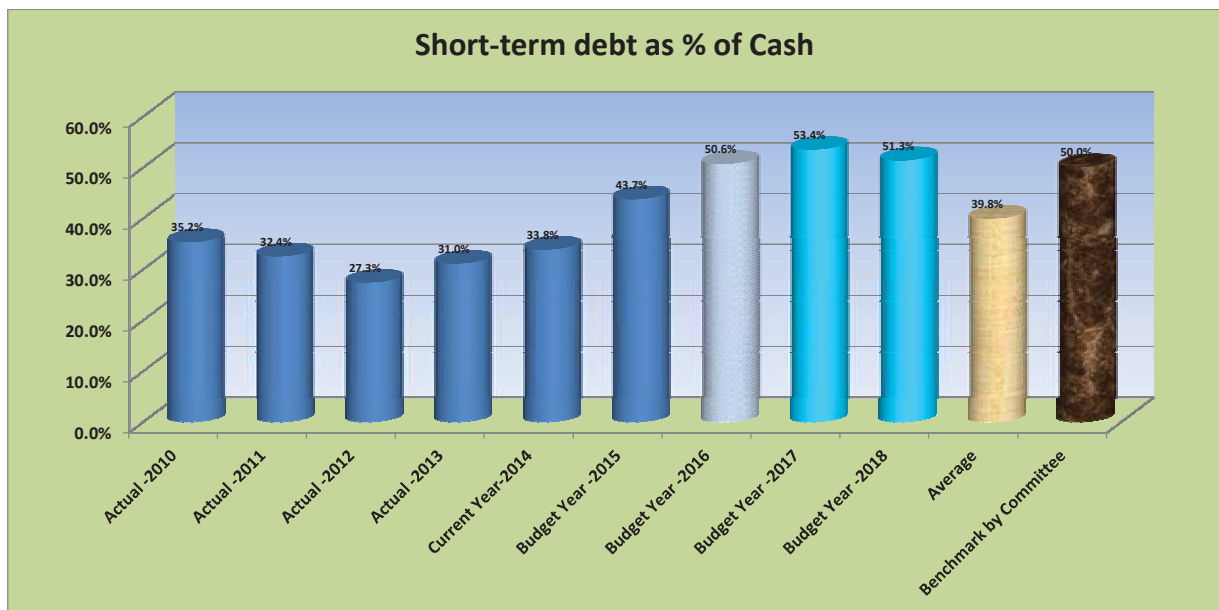


From a possible score of 8, the municipality will be allocated a 4 for the period 2015/2016. The full score of 8 will be allocated for the remainder of the MTREF.



### 1.3.1.9 Short Term Debt as % of Cash

This indicator provides a measure of the municipality's ability to settle short term liabilities when they become due and payable. This indicator is positively impacted by the stabilising trend in cash resources as discussed earlier in this report. A level below 50% is considered to be acceptable.

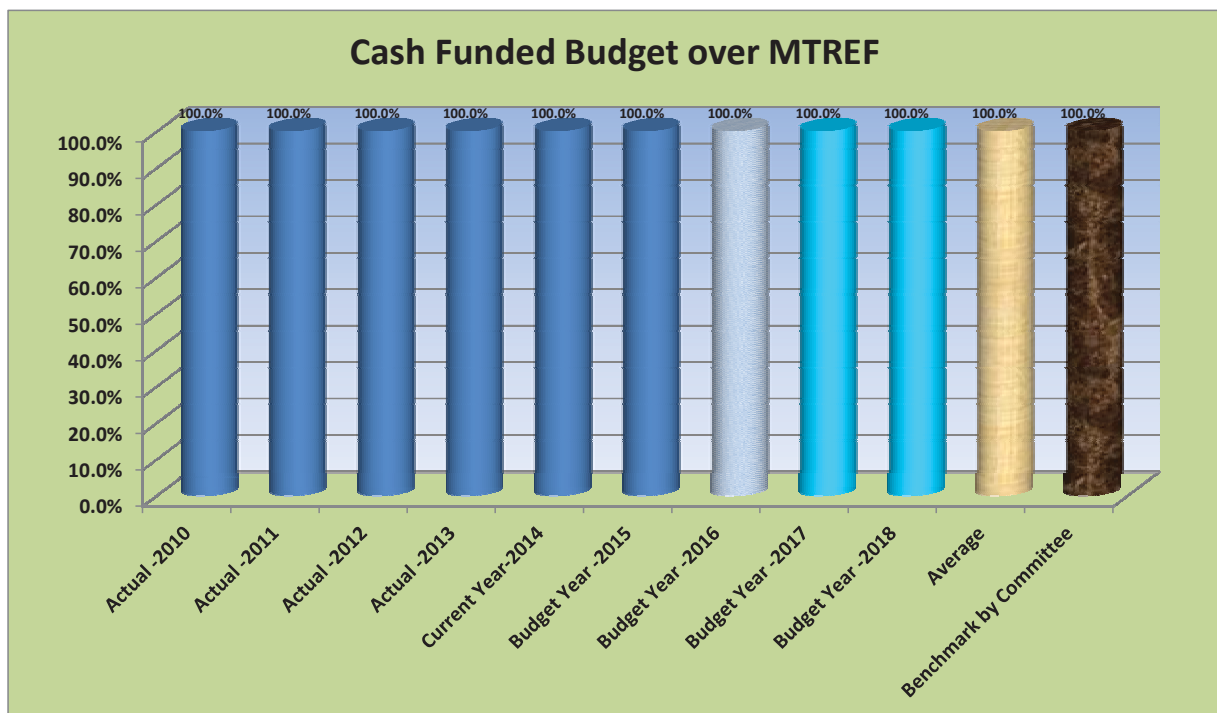


From a possible score of 4, a score of 3 is allocated to all periods covered in the MTREF.

### 1.3.1.10 Cash Funded Budget over the MTREF

A cash funded budget is arguably the most important indicator for a credible budget that is aligned to the funding requirement in MFMA Section 18 and for this reason the indicator carries the largest weighting in the financial viability scoring model.

It is projected that the municipality will be cash funded for the entire MTREF and the full score of 25 is allocated to all periods under review.



### 1.3.1.11 Total Viability Scoring

Based on the outcome of the 10 indicators above, the total scoring over the MTREF will be slightly lower than the maximum score of 100. The scoring is however projected to increase of the MTREF which is considered to be very positive.



## 1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

### Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	Outcome	Outcome	Outcome	Budget	Budget			
<b>Revenue By Source</b>								
Property rates	60 261	67 274	70 551	75 594	73 866	78 939	86 642	94 725
Property rates - penalties & collection	—	—	—	—	—	—	—	—
Service charges - electricity revenue	147 889	165 057	173 444	189 046	188 269	208 823	234 577	262 810
Service charges - water revenue	28 375	30 945	32 613	34 803	33 788	41 620	46 113	54 164
Service charges - sanitation revenue	19 797	22 978	25 373	26 837	21 177	25 137	27 616	28 807
Service charges - refuse revenue	14 603	18 450	19 536	20 210	16 592	17 610	18 625	19 309
Service charges - other	—	—	—	—	—	—	—	—
Rental of facilities and equipment	2 915	2 885	3 239	3 252	3 252	3 349	3 519	3 697
Interest earned - external investments	10 609	9 917	12 934	9 894	9 894	8 300	7 300	6 300
Interest earned - outstanding debtors	1292	1441	1813	1340	1340	1376	1425	1476
Dividends received	—	—	—	—	—	—	—	—
Fines	3 285	2 948	23 734	4 041	25 141	25 735	25 836	25 936
Licences and permits	2 864	3 225	3 488	3 157	3 157	3 273	3 323	3 373
Agency services	2 412	2 496	2 725	2 666	2 666	2 799	2 939	3 086
Transfers recognised - operational	39 749	40 483	66 152	53 427	89 723	62 706	69 897	78 953
Other revenue	16 467	17 090	19 701	11 670	11 810	16 868	16 114	16 377
Gains on disposal of PPE	—	1 550	540	200	200	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>350 517</b>	<b>386 739</b>	<b>455 845</b>	<b>436 136</b>	<b>480 874</b>	<b>496 737</b>	<b>544 124</b>	<b>599 213</b>



In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

### Summary of revenue classified by municipal vote

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>								
Vote 1 - Corporate Services	6 488	5 609	6 087	6 899	6 899	9 929	11 559	8 843
Vote 2 - Civil Services	87 097	97 971	110 549	112 288	112 288	164 635	179 905	195 225
Vote 3 - Council	28 097	34 831	73 628	33 761	90 906	125	125	125
Vote 4 - Electricity Services	149 874	166 856	175 968	191 178	191 178	211 931	237 890	266 417
Vote 5 - Financial Services	82 900	92 485	98 054	106 070	93 272	107 784	117 702	130 039
Vote 6 - Development Services	4 020	4 645	4 424	4 699	4 843	23 168	12 575	12 838
Vote 7 - Municipal Manager	–	–	–	–	–	430	430	430
Vote 8 - Protection Services	8 861	8 963	30 392	10 406	31 506	32 218	32 125	33 949
<b>Total Revenue by Vote</b>	<b>367 337</b>	<b>411 360</b>	<b>499 101</b>	<b>465 302</b>	<b>530 893</b>	<b>550 221</b>	<b>592 311</b>	<b>647 866</b>

### Percentage growth in revenue base by main revenue source

Description  <
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Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 69 and 77 percent of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges amounts to R333.692 million or 69.4 per cent of total revenue mix. This increases to an estimated R372.130 million (74.9%), R413.572 million (76.0%) and R459.815 million (76.8%) in the respective financial years of the MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget. For this reason, the municipality should strive to maintain these revenue streams and if possible explore relevant avenues to increase these revenue sources.

More than 90 per cent of revenue is derived from the following sources:

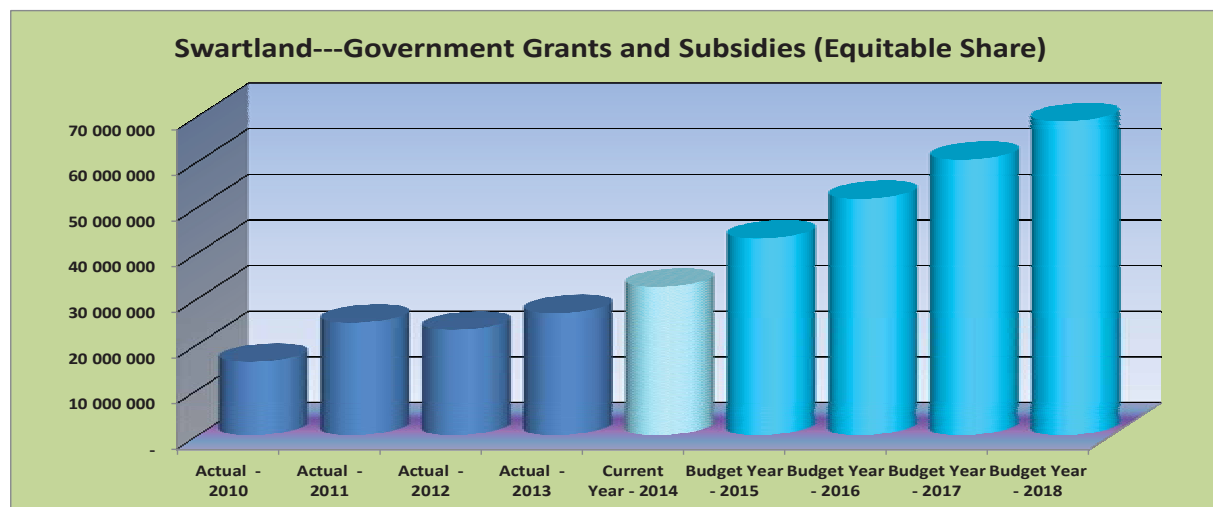
- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

#### 1.4.1 Operating and Capital Grants

Grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

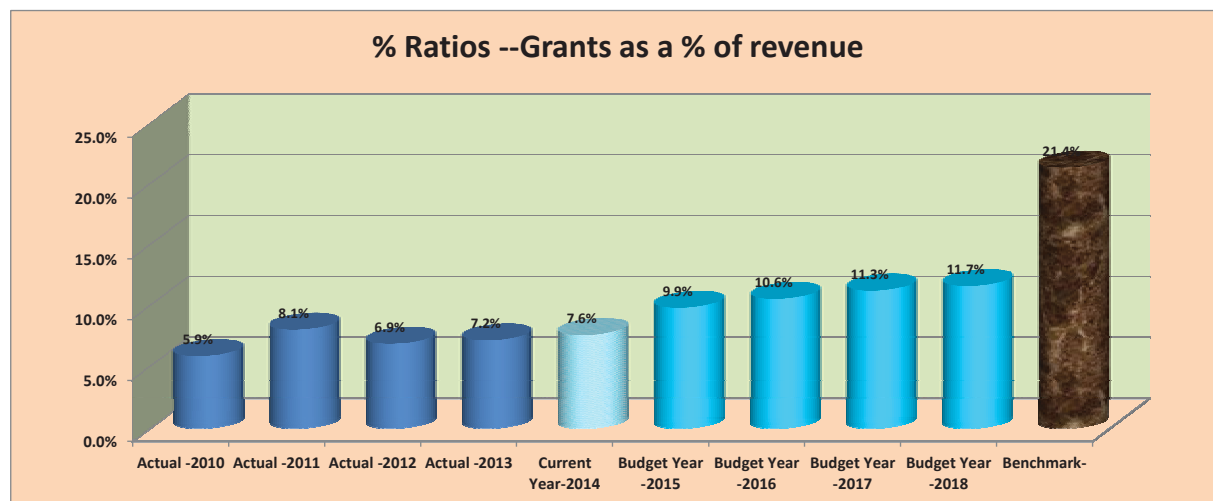
The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

In line with the significant growth in population numbers over recent year (Swartland Municipality is the 5<sup>th</sup> fastest growing local municipality in South Africa for the period 2001 to 2011), the municipality has seen a significant increase in the DORA allocation for Equitable Share over the MTREF period.





Although the increase will be significant, the contribution to the total funding mix compared to other municipalities in the Western Cape is still very low:



The following grant allocations are currently factored into the budget of the municipality:

Description	Final Budget	2015/16 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>				
<b>EXPENDITURE:</b>				
<b>Operating expenditure of Transfers and Grants</b>				
<b>National Government:</b>	<b>46 690</b>	<b>55 337</b>	<b>62 780</b>	<b>71 345</b>
Local Government Equitable Share	43 093	51 772	60 348	68 762
Municipal Systems Improvement	934	930	957	1 033
Finance Management	1 450	1 450	1 475	1 550
EPWP Incentive	1 213	1 185	—	—
<b>Provincial Government:</b>	<b>42 661</b>	<b>7 369</b>	<b>7 117</b>	<b>7 608</b>
Community Development: Workers	59	36	38	40
Housing	35 465	—	—	—
Libraries	5 305	6 185	7 007	7 427
Proclaimed Roads Subsidy	1 060	1 148	—	—
Housing Consumer Education Grant	19	—	—	—
Financial Management Support Grant	531	—	—	—
Ilinge Lethu Centre	222	—	72	141
<b>Other grant providers:</b>	<b>371</b>	<b>—</b>	<b>—</b>	<b>—</b>
Cleanest Town	20	—	—	—
Disaster Fund	352	—	—	—
<b>Total operating expenditure of Transfers and Grants:</b>	<b>89 723</b>	<b>62 706</b>	<b>69 897</b>	<b>78 953</b>
<b>Capital expenditure of Transfers and Grants</b>				
<b>National Government:</b>	<b>23 918</b>	<b>20 709</b>	<b>21 387</b>	<b>22 403</b>
Municipal Infrastructure Grant (MIG)	19 918	20 709	21 387	22 403
Energy Efficiency and Demand Side Management Grant	4 000	—	—	—
<b>Provincial Government:</b>	<b>24 602</b>	<b>31 275</b>	<b>26 800</b>	<b>26 250</b>
Proclaimed Roads Subsidy	—	8 800	11 100	11 550
Human Settlements	23 940	18 550	7 700	7 700
RSEP/VPUU Municipal Projects	—	1 500	5 000	7 000
Sport and Recreation	150	—	—	—
Libraries	512	2 425	3 000	—
<b>Total capital expenditure of Transfers and Grants</b>	<b>48 520</b>	<b>51 984</b>	<b>48 187</b>	<b>48 653</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>138 242</b>	<b>114 690</b>	<b>118 084</b>	<b>127 606</b>



### 1.4.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R115 000;
- For pensioners and disabled persons, in terms of the Council's Tariff Policy, an additional total rebate of the rates payable on a R200 000 valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based are as follows:

Rates	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Geographical Areas	R 0.001490	R 0.002212	R 0.003015	R 0.004260	R 0.005269
Agricultural Areas @ 24% of Residential Household	R 0.001431	R 0.001516	R 0.001607	R 0.001704	R 0.001806
Business	R 0.007066	R 0.007631	R 0.008242	R 0.008901	R 0.009613
Residential Household	R 0.005961	R 0.006319	R 0.006698	R 0.007100	R 0.007526
Businesses in Agricultural Areas 100% - 2009	R 0.007066	R 0.007631	R 0.008242	R 0.008901	R 0.009613
Government properties	R 0.007066	R 0.007631	R 0.008242	R 0.008901	R 0.009613
Pensioners @ 60% of residential - condition apply	R 0.003577	R 0.003791	R 0.004019	R 0.004260	R 0.004516

In general, rates were increased by 6%, with the exception of Business and Government rates that were increased by 8%. Recent investigations indicated that rates applicable to businesses were relatively lower compared to other major municipalities. This warranted an increase of 2% over and above the 6% general increase provided. These increases are relatively in line with the upper limit of the South African Reserve Bank's inflation target.





### 1.4.3 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Water service charges are currently not cost reflective at Swartland Municipality and it is not expected that the service will become cost reflective over the MTREF.

Standard Classification Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Water	32 400	35 164	36 465	39 418	39 418	52 114	59 727	64 958
Expenditure - Water	38 947	41 814	42 881	46 278	46 596	57 885	62 598	68 585
Net Surplus/(Deficit)	(6 547)	(6 649)	(6 416)	(6 860)	(7 178)	(5 771)	(2 871)	(3 627)
Net Surplus/(Deficit) %	-20.21%	-18.91%	-17.59%	-17.40%	-18.21%	-11.07%	-4.81%	-5.58%

The shortfall in the service is however expected to decline over the MTREF. This decline can mainly be attributed to the water charges that will be increased in excess of 6% (which is the upper limit of the Reserve Bank's long term inflation target) over the MTREF. This increase is however required to ensure that the water service becomes more cost reflective and avoid the scenario where a trading service is financed from general rates. It should also be noted that the annual increase for bulk purchases of water is stated at 8%.

Furthermore, it should also be noted that the current water charges at Swartland Municipality is relatively lower than all the major municipalities against which the municipality benchmarks itself on a regular basis. This includes availability charges and usage charges for both residential and commercial users.



A summary of the proposed tariffs for households (residential) and non-residential are as follows:

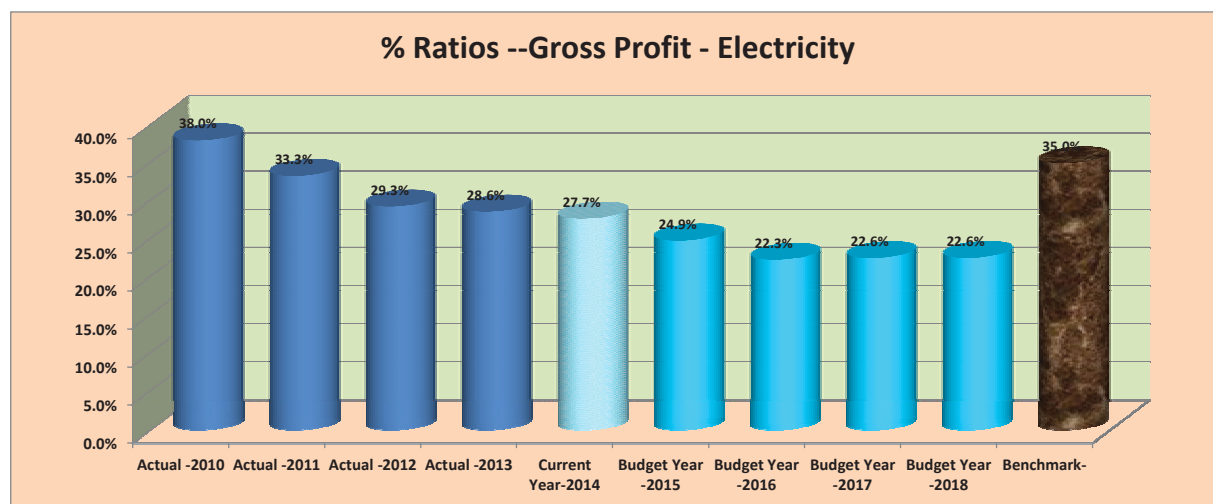
<b>Water</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Huishoud. Gratis 5 kl	R -	R -	R -	R -
Huishoud. 6 tot 30 Kl.	R 9.29	R 10.21	R 11.44	R 12.81
Huishoud. 31 tot 60 Kl.	R 12.79	R 14.06	R 15.75	R 17.64
Huishoud. 61 en meer	R 19.80	R 21.77	R 24.38	R 27.31
Deernis: Gratis 9 kl - 3 kl Raad + 6 EQS	R -	R -	R -	R -
Besighede	R 11.16	R 14.51	R 16.25	R 18.20
Farms Business	R 11.16	R 14.51	R 16.25	R 18.20
Sport Clubs	R 11.16	R 12.27	R 13.74	R 15.39
Departemental water consumption	R 9.29	R 10.21	R 11.44	R 12.81
Plase Huishoud. Gratis 5 kl	R -	R -	R -	R -
Plase Huishoud. 6 tot 30 Kl.	R 9.29	R 10.21	R 11.44	R 12.81
Plase Huishoud. 31 tot 60 Kl.	R 12.79	R 14.06	R 15.75	R 17.64
Plase Huishoud. 61 en meer	R 19.80	R 21.77	R 24.38	R 27.31

The following increases are factored into the tariffs above:

<b>Water</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Huishoud. Gratis 5 kl			
Huishoud. 6 tot 30 Kl.	9.95%	12.00%	12.00%
Huishoud. 31 tot 60 Kl.	9.95%	12.00%	12.00%
Huishoud. 61 en meer	9.95%	12.00%	12.00%
Deernis: Gratis 9 kl - 3 kl Raad + 6 EQS			
Besighede	30.00%	12.00%	12.00%
Farms Business	30.00%	12.00%	12.00%
Sport Clubs	9.95%	12.00%	12.00%
Departemental water consumption	9.95%	12.00%	12.00%
Plase Huishoud. Gratis 5 kl			
Plase Huishoud. 6 tot 30 Kl.	9.95%	12.00%	12.00%
Plase Huishoud. 31 tot 60 Kl.	9.95%	12.00%	12.00%
Plase Huishoud. 61 en meer	9.95%	12.00%	12.00%

#### 1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading account which should operate at a significant profit. From the graph below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer.



Municipalities were advised to structure their 2015/16 electricity tariffs based on the 12.69 per cent guideline and provide for a 14.24 per cent increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTREF. It is quite evident that the implementation of these proposed increases will erode the profitability of providing the service resulting in the decline in gross profit above.

Although the service is still operating at a surplus over the MTREF, the profitability of the service is expected to be lower over the MTREF when compared to the most recent actual results (2013/2014).

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Electricity	149 874	166 855	175 968	191 178	191 178	211 931	237 890	266 417
Expenditure - Electricity	133 181	146 557	154 305	175 831	176 397	198 062	219 649	243 012
Net Surplus/(Deficit)	16 693	20 298	21 663	15 346	14 781	13 869	18 241	23 404
Net Surplus/(Deficit) %	11.14%	12.16%	12.31%	8.03%	7.73%	6.54%	7.67%	8.78%

With the proposed increases in tariffs relating to electricity largely beyond the control of the municipality, measures should be put in place to curb expenditure and electricity losses (which is already very low compared to industry standards) to ensure the service remains profitable in the foreseeable future. Electricity losses during 2013/2014 were calculated at 5.71 per cent, which is significantly lower than the 8.6 per cent calculated in 2012/2013.



The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Electricity		2014/2015	2015/2016	2016/2017	2017/2018
1	Households and Farming Consumers Basic	R 135.7156	R 154.7158	R 176.3760	R 201.0686
1	Households and Farming Consumers per kWh:-				
1	(0-50kWh)	R 0.7400	R 0.8303	R 0.9316	R 1.0452
1	(51-350kWh)	R 0.9301	R 1.0436	R 1.1709	R 1.3137
1	(351-600kWh)	R 1.2600	R 1.4137	R 1.5862	R 1.7797
1	(>600kWh)	R 1.4800	R 1.6606	R 1.8631	R 2.0905
2	Commerce / Non Standard . Basic Ampere	R 6.4729	R 7.2626	R 8.1486	R 9.1428
2	Commerce / Non Standard .per kWh	R 1.160350	R 1.301913	R 1.460746	R 1.638957
2	Commerce Basic < 20KVA	R 350.7250	R 393.5135	R 441.5221	R 495.3878
2	Commerce Basic 20 to 40 KVA	R 461.3260	R 517.6123	R 580.7610	R 651.6138
2	Commerce Basic >40 KVA	R 841.9698	R 944.6901	R 1 059.9423	R 1 189.2553
2	Commerce Basic < 20KVA per kWh	R 1.160350	R 1.301913	R 1.460746	R 1.638957
2	Commerce Basic 20 to 40 KVA per kWh	R 1.160350	R 1.301913	R 1.460746	R 1.638957
2	Commerce Basic >40 KVA per kWh	R 1.160350	R 1.301913	R 1.460746	R 1.638957
3	Bulk Consumers Basic	R 942.1532	R 1 062.75	R 1 198.7807	R 1 352.2246
3	Bulk Consumers - kWh	R 0.442984	R 0.499686	R 0.563646	R 0.635792
3	Bulk Consumers - Max. Demand KVA	R 181.6254	R 204.8735	R 231.0973	R 260.6777
4	Retail Consumers > 100 kWh	R 1.695300	R 1.902127	R 2.134186	R 2.394557
4	Retail Consumers < 100 kWh	R 1.695300	R 1.902127	R 2.134186	R 2.394557
5	Alternative - Households 20 Amp.:-				
5	(0-50kWh)	R 0.6800	R 0.7200	R 0.7623	R 0.8071
5	(51-350kWh)	R 0.8700	R 0.9300	R 0.9942	R 1.0628
5	(351-600kWh)	R 1.1900	R 1.3401	R 1.5090	R 1.6993
5	(>600kWh)	R 1.4300	R 1.6000	R 1.7903	R 2.0031
6	Street Lights	R 0.7340	R 0.8235	R 0.9240	R 1.0368
7	Prepaid - Indigent ready bord:-				
7	(0-50kWh)	R 0.6800	R 0.7200	R 0.7623	R 0.8071
7	(51-350kWh)	R 0.8700	R 0.9300	R 0.9942	R 1.0628
7	(351-600kWh)	R 1.1900	R 1.3401	R 1.5090	R 1.6993
7	(>600kWh)	R 1.4300	R 1.6000	R 1.7903	R 2.0031
8	Commercial Pre paid	R 1.630400	R 1.829309	R 2.052484	R 2.302888
9	Sports Grounds	R 2.944926	R 3.304207	R 3.707320	R 4.159613
10	Bulk time of use tariff	R 942.15	R 1 062.74	R 1 198.78	R 1 352.22



<b>Electricity</b>		<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
10	<i>Tou Low Consumption</i>				
10	Peak (kWh)	R 0.758800	R 0.855926	R 0.965485	R 1.089067
10	Standard (kWh)	R 0.522200	R 0.589042	R 0.664439	R 0.749487
10	Off peak (kWh)	R 0.331200	R 0.373594	R 0.421414	R 0.475355
10	<i>Tou high Consumption</i>				
10	Peak (kWh)	R 2.326300	R 2.624066	R 2.959947	R 3.338820
10	Standard (kWh)	R 0.704700	R 0.794902	R 0.896649	R 1.011420
10	Off peak (kWh)	R 0.382600	R 0.431573	R 0.486814	R 0.549126
10	Maksimum aanvraag KVA	R 121.8125	R 137.4045	R 154.9923	R 174.8313
11	<b>Net Metering: Households Non-Indigent</b>				
11	Household Consumer Basic	R 135.7200	R 154.7208	R 176.3817	R 201.0752
11	Import kWh (supplied by municipality)	R 1.0531	R 1.1815	R 1.3257	R 1.4874
11	Export kWh (supplied to mun-max/month<imp	R 0.6850	R 0.6850	R 0.7686	R 0.8623
12	<b>Prepaid - Households:- Non Indigent</b>				
12	Per kWh				
12	(0-350kWh)	R 1.3356	R 1.4985	R 1.6814	R 1.8865
12	> 350 kWh	R 1.4271	R 1.6012	R 1.7966	R 2.0157

The proposed tariff increases are in line with the guidance provided by NERSA.

#### 1.4.5 Sanitation and Impact of Tariff Increases

It was estimated in the 2011 Census that only 77.3% of flush toilets were connected to a sewerage network. In order to contribute to this service delivery backlog, it is very important for the service to be operated a surplus.

The table below indicates that the service will be cost reflective during 2015/2016 as well as the remainder of the MTREF.

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Sanitation	31 055	34 804	39 662	41 481	41 481	49 269	53 093	57 676
Expenditure - Sanitation	19 892	24 835	31 964	37 507	37 574	42 187	45 348	46 214
Net Surplus/(Deficit)	11 163	9 969	7 697	3 974	3 908	7 081	7 746	11 462
Net Surplus/(Deficit) %	35.95%	28.64%	19.41%	9.58%	9.42%	14.37%	14.59%	19.87%



The following proposed tariffs were incorporated in the MTREF:

<b>Sewerage</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Swartland 2 nd point	R 24.27	R 26.45	R 29.36	R 32.01
Swartland 1 st point	R 161.79	R 176.35	R 195.75	R 213.37
Sewerage Domestic pumpings 1 st 2 p.m.	R 161.79	R 176.35	R 195.75	R 213.37
Sewerage Domestic pumpings 3 rd per pumping	R -	R -	R -	R -
Riebeek Wes Flow over 50% discount	R 80.90	R 88.18	R 97.87	R 106.68

An increase of 9% is factored into the tariffs during 2015/2016, while proposed increase of 11% and 9% are proposed for the 2 outer years respectively.

#### 1.4.6 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a small surplus which indicates that the tariffs are cost reflective. The service remains cost reflective over the entire MTREF.

Standard Classification Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Refuse	21 512	25 682	27 270	28 591	28 591	30 387	32 765	35 245
Expenditure - Refuse	19 084	21 810	22 667	26 963	27 028	28 959	30 207	32 268
Net Surplus/(Deficit)	2 429	3 872	4 603	1 629	1 564	1 428	2 558	2 976
Net Surplus/(Deficit) %	11.29%	15.08%	16.88%	5.70%	5.47%	4.70%	7.81%	8.44%

The following table compares current and proposed amounts payable from 1 July 2015:

<b>Refuse Removal</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Bonny Bird Farms	R 93.62	R 101.11	R 109.70	R 118.48
Bulk Containers	R 561.76	R 606.70	R 658.27	R 710.93
Commerce ( Moorreesburg Only )	R 93.62	R 101.11	R 109.70	R 118.48
Peri Urban Areas	R 93.62	R 101.11	R 109.70	R 118.48
All Other	R 93.62	R 101.11	R 109.70	R 118.48

The following increases are proposed over the MTREF:

<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
<b>8.00%</b>	<b>8.50%</b>	<b>8.00%</b>



## Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>									
<b>Monthly Account for Household - 'Middle Income Range'</b>									
<b>Rates and services charges:</b>									
Property rates	309.17	366.86	334.37	347.73	347.73	6.0%	368.61	390.72	414.17
Electricity: Basic levy	106.57	118.33	126.38	135.72	135.72	14.0%	154.72	176.38	201.07
Electricity: Consumption	927.53	1 067.50	1 139.69	1 222.99	1 222.99	12.2%	1 372.24	1 539.65	1 727.49
Water: Basic levy	–	–	–	–	–		–	–	–
Water: Consumption	174.72	196.56	208.35	222.90	222.90	9.95%	245.14	274.56	307.51
Sanitation	110.18	126.71	143.18	161.79	161.79	9.0%	176.35	195.75	213.37
Refuse removal	77.51	82.74	88.32	93.62	93.62	8.0%	101.11	109.70	118.48
Other	–	–	–	–	–				
<b>sub-total</b>	<b>1 705.68</b>	<b>1 958.70</b>	<b>2 040.30</b>	<b>2 184.75</b>	<b>2 184.75</b>	<b>10.7%</b>	<b>2 418.17</b>	<b>2 686.76</b>	<b>2 982.08</b>
VAT on Services	195.51	222.86	238.83	257.18	257.18		286.94	321.45	359.51
<b>Total large household bill:</b>	<b>1 901.19</b>	<b>2 181.56</b>	<b>2 279.13</b>	<b>2 441.93</b>	<b>2 441.93</b>	<b>10.8%</b>	<b>2 705.11</b>	<b>3 008.21</b>	<b>3 341.59</b>
<b>% increase/-decrease</b>		<b>14.7%</b>	<b>4.5%</b>	<b>7.1%</b>	<b>–</b>		<b>10.8%</b>	<b>11.2%</b>	<b>11.1%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>									
<b>Rates and services charges:</b>									
Property rates	265.00	262.04	238.83	248.38	248.38	6.0%	263.29	279.08	295.83
Electricity: Basic levy	106.57	118.33	126.38	135.72	135.72	14.0%	154.72	176.38	201.07
Electricity: Consumption	381.51	429.00	471.75	505.01	505.01	12.2%	566.64	635.77	713.34
Water: Basic levy	–	–	–	–	–		–	–	–
Water: Consumption	138.32	32.76	148.62	176.46	176.46	9.95%	194.07	217.36	243.44
Sanitation	110.18	126.71	143.18	161.79	161.79	9.0%	176.35	195.75	213.37
Refuse removal	77.51	82.74	88.32	93.62	93.62	8.0%	101.11	109.70	118.48
Other	–	–	–	–	–				
<b>sub-total</b>	<b>1 079.09</b>	<b>1 051.58</b>	<b>1 217.09</b>	<b>1 320.98</b>	<b>1 320.98</b>	<b>10.2%</b>	<b>1 456.18</b>	<b>1 614.05</b>	<b>1 785.53</b>
VAT on Services	113.97	110.54	136.96	150.16	150.16		167.01	186.90	208.56
<b>Total small household bill:</b>	<b>1 193.07</b>	<b>1 162.12</b>	<b>1 354.05</b>	<b>1 471.15</b>	<b>1 471.15</b>	<b>10.3%</b>	<b>1 623.19</b>	<b>1 800.94</b>	<b>1 994.09</b>
<b>% increase/-decrease</b>		<b>(2.6%)</b>	<b>16.5%</b>	<b>8.6%</b>	<b>–</b>		<b>10.3%</b>	<b>11.0%</b>	<b>10.7%</b>



# Swartland Municipality

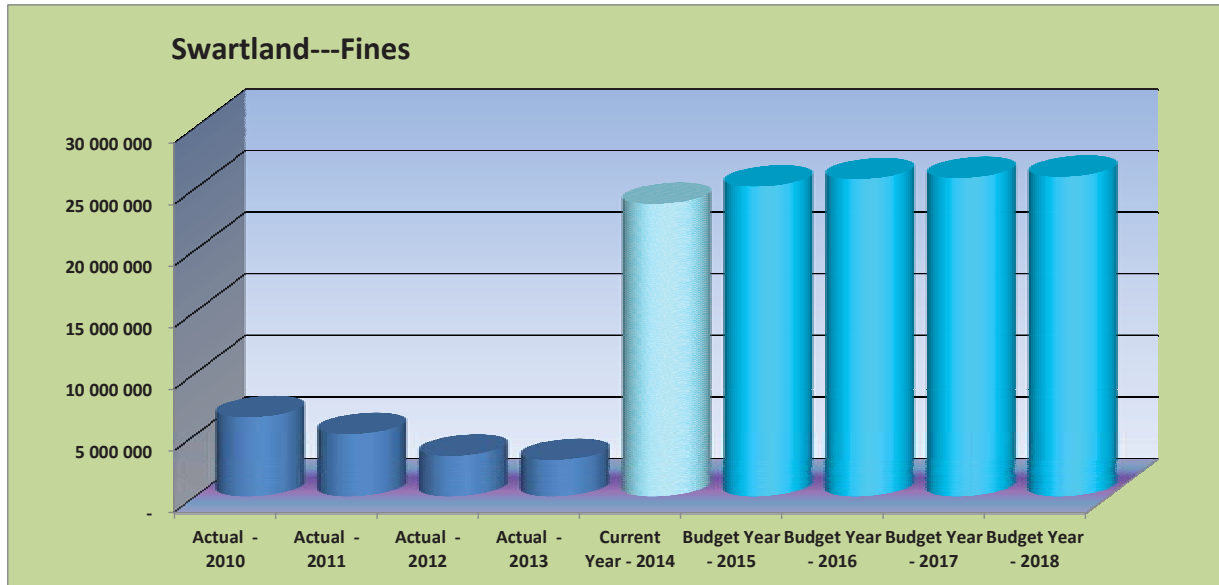
# 2015/16 Annual Budget and MTREF

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>									
<b>Monthly Account for Household - 'Affordable Range'</b>									
<b>Rates and services charges:</b>									
Property rates	265.00	262.04	334.37	347.73	347.73	6.0%	368.61	390.72	414.17
Electricity: Basic levy	106.57	118.33	126.38	135.72	135.72	14.0%	154.72	176.38	201.07
Electricity: Consumption	381.51	429.00	471.75	505.01	505.01	12.2%	566.64	635.77	713.34
Water: Basic levy	-	-	-	-	-	-	-	-	-
Water: Consumption	138.32	32.76	148.62	176.46	176.46	9.95%	194.07	217.36	243.44
Sanitation	110.18	126.71	143.18	161.79	161.79	9.0%	176.35	195.75	213.37
Refuse removal	77.51	82.74	88.32	93.62	93.62	8.0%	101.11	109.70	118.48
Other	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>1 079.09</b>	<b>1 051.58</b>	<b>1 312.63</b>	<b>1 420.33</b>	<b>1 420.33</b>	<b>9.9%</b>	<b>1 561.50</b>	<b>1 725.68</b>	<b>1 903.87</b>
VAT on Services	113.97	110.54	136.96	150.16	150.16	-	167.01	186.90	208.56
<b>Total small household bill:</b>	<b>1 193.07</b>	<b>1 162.12</b>	<b>1 449.58</b>	<b>1 570.50</b>	<b>1 570.50</b>	<b>10.1%</b>	<b>1 728.51</b>	<b>1 912.58</b>	<b>2 112.42</b>
<b>% increase/-decrease</b>		<b>(2.6%)</b>	<b>24.7%</b>	<b>8.3%</b>	<b>-</b>		<b>10.1%</b>	<b>10.6%</b>	<b>10.4%</b>
			-10.54	-0.66	-1.00				
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>									
<b>Rates and services charges:</b>									
Property rates	140.00	132.50	157.23	176.65	176.65	6.0%	190.78	206.05	222.53
Electricity: Basic levy	-	-	-	-	-	14.0%	-	-	-
Electricity: Consumption	190.00	216.00	238.00	269.52	269.52	12.2%	302.41	339.30	380.70
Water: Basic levy	-	-	-	-	-	-	-	-	-
Water: Consumption	91.84	101.92	114.66	92.88	92.88	9.95%	112.36	125.84	140.94
Sanitation	95.85	110.18	126.71	161.79	161.79	9.0%	176.35	195.75	213.37
Refuse removal	67.11	77.51	82.74	93.62	93.62	8.0%	101.11	109.70	118.48
Other	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>584.80</b>	<b>638.11</b>	<b>719.34</b>	<b>794.46</b>	<b>794.46</b>	<b>11.1%</b>	<b>883.00</b>	<b>976.65</b>	<b>1 076.01</b>
VAT on Services	62.27	70.79	78.70	86.49	86.49	-	96.91	107.88	119.49
<b>Total small household bill:</b>	<b>647.07</b>	<b>708.90</b>	<b>798.04</b>	<b>880.95</b>	<b>880.95</b>	<b>11.2%</b>	<b>979.91</b>	<b>1 084.53</b>	<b>1 195.50</b>
<b>% increase/-decrease</b>		<b>9.6%</b>	<b>12.6%</b>	<b>10.4%</b>	<b>-</b>		<b>11.2%</b>	<b>10.7%</b>	<b>10.2%</b>

## 1.4.7 Fines

Fines represent approximately 5 per cent of the revenue mix of the municipality. However, based on current collection rates (2013/2014) which are stated at 21.32 per cent, the municipality is not fully utilising the potential that fines can contribute to the funding mix of the municipality





The municipality should implement procedures to increase collection rates. This will further ensure that the traffic service will move towards a scenario where it is self- sustainable. Currently the service is operating at deficit, implying that a portion of the service is funded from other revenue sources, eg rates.



## 1.5 Operating Expenditure Framework

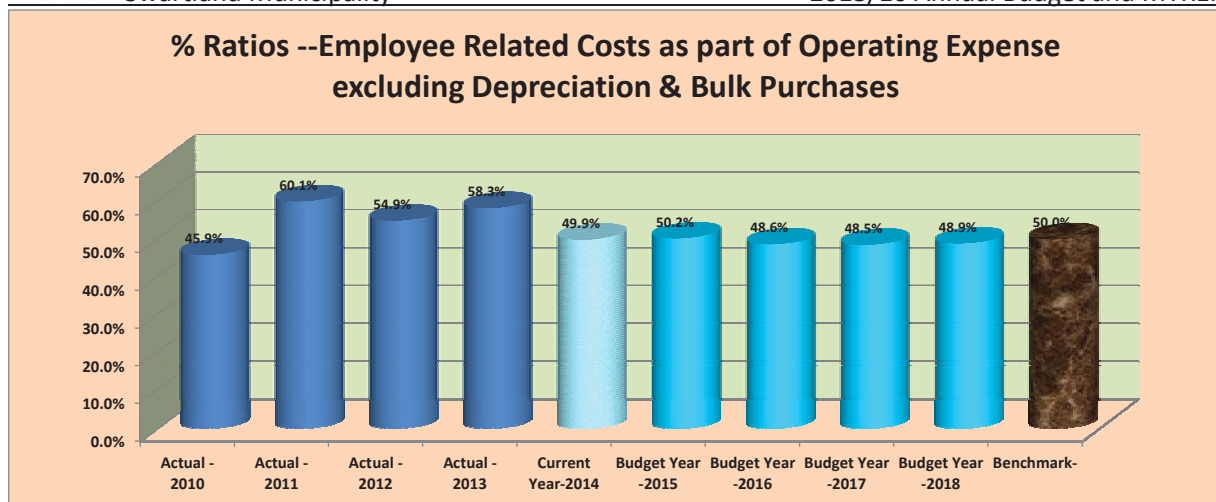
Building on cost containment guidelines approved by Cabinet in October 2013, government at all levels will need to identify opportunities to increase efficiency and reduce waste. At a national level, the 2015 budget will pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment.

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>								
Employee related costs	110 535	125 820	128 665	140 566	145 279	156 706	163 260	175 424
Remuneration of councillors	6 619	6 703	7 703	8 288	8 450	9 530	10 050	10 229
Debt impairment	1 473	1 260	18 913	12 113	28 163	34 381	36 110	37 777
Depreciation & asset impairment	66 496	74 919	69 939	76 645	76 645	78 876	85 108	86 892
Finance charges	5 255	8 486	15 107	14 644	14 644	20 199	19 726	19 254
Bulk purchases	122 558	137 413	145 166	161 610	161 610	187 316	210 357	236 403
Other materials	–	–	–	–	–	–	–	–
Contracted services	3 104	3 096	3 352	4 026	3 698	3 660	3 966	4 181
Transfers and grants	1 231	1 293	1 975	2 083	2 083	2 137	2 137	2 137
Other expenditure	63 816	52 496	78 798	74 113	103 719	70 158	71 390	75 841
Loss on disposal of PPE	3 329	2 042	9 124	2 144	2 144	2 144	2 251	2 364
<b>Total Expenditure</b>	<b>384 416</b>	<b>413 527</b>	<b>478 743</b>	<b>496 232</b>	<b>546 436</b>	<b>565 108</b>	<b>604 354</b>	<b>650 501</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R156.706 million, which equals 27.73 per cent of the total operating expenditure. This percentage increases to 28.89 in 2016/2017 and 31.04 in 2017/2018. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



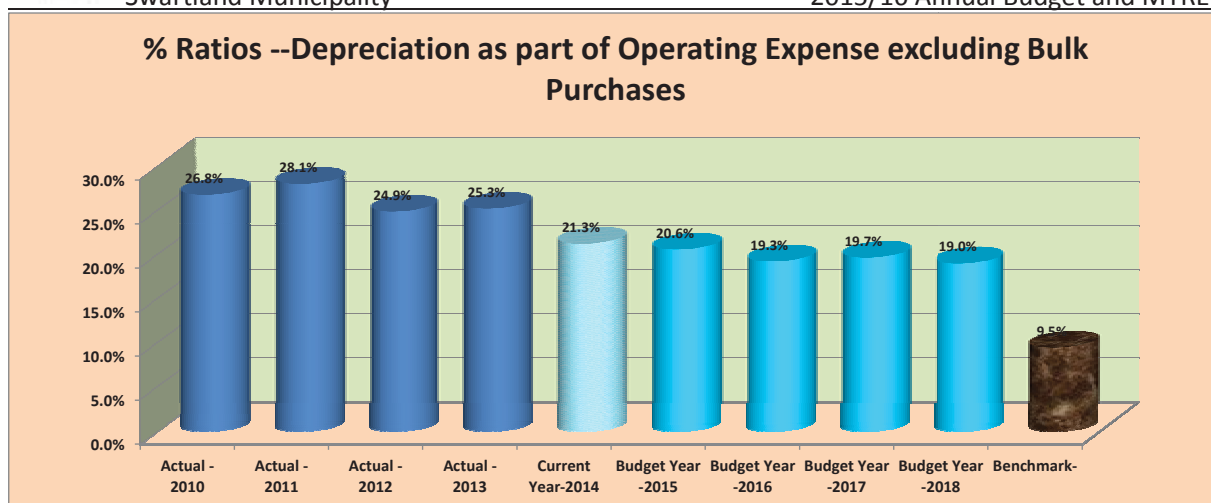
This ratio is in line with the benchmark figure of 50%. The room for any upwards adjustment in employee related costs over and above the current levels are very limited and should be carefully considered before implementing any further salary increases or employing further officials.

The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015.

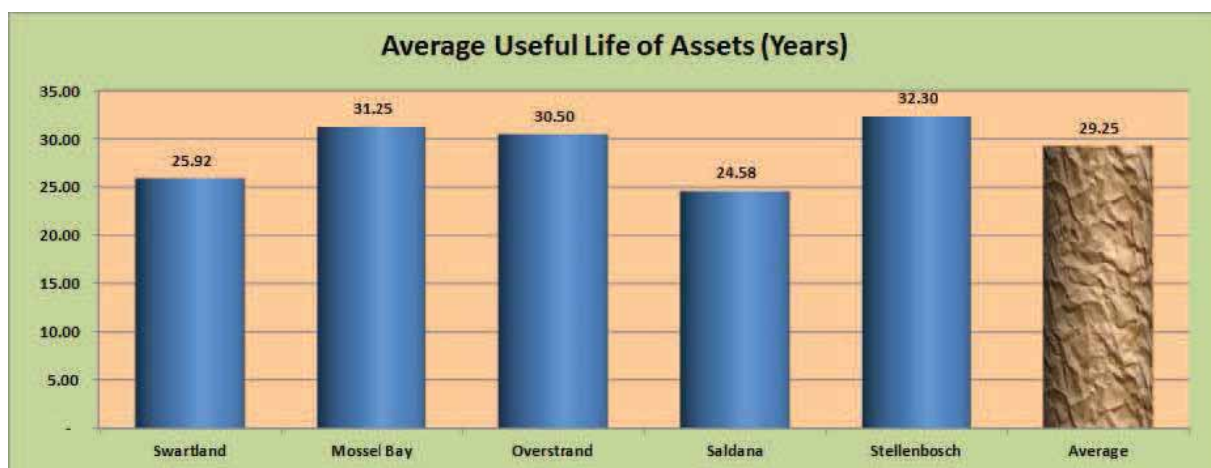
The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on a conservative annual collection rate of 95 per cent for consumer debtors. Due to the implementation of iGRAP 1, a significant portion of the debt impairment can also be attributed to uncollected fines. The collection rate for fines is currently in the region of 21.32%. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the relevant services and duties of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high:



Compared to other major municipalities, the rate of consumption of assets is significantly faster. This could be indicative of inappropriate levels of funding allocated to repairs and maintenance. Assets should be maintained to ensure that the replacement of assets is deferred as long as possible.



Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). The affordability of loans were discussed in detail in the viability

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of



the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Contracted services currently consist of the following and are linked to the delivery of primary services:

- Printing of Accounts
- Cleaning Services
- Cleaning Public Open Spaces
- Highlands Refuse Dump: Recycling
- Refuse Removal: Wasteman
- Sweeping of Streets

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure).

#### **1.5.1 Priority given to repairs and maintenance**

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2015/16 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2014/15 Capital Budget should be allocated to the renewal of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)



Currently the municipality is not achieving these targets as indicated below:

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE OTHER ITEMS</b>								
<b>Repairs and Maintenance by Asset Class</b>	15 440	15 696	17 024	20 207	20 991	20 559	21 811	23 036
Infrastructure - Road transport	3 307	3 387	3 406	3 665	4 725	3 561	3 684	3 792
Infrastructure - Electricity	986	1 079	934	1 199	1 199	1 011	1 061	1 113
Infrastructure - Water	823	827	924	976	976	957	994	1 034
Infrastructure - Sanitation	1 291	1 587	1 494	1 459	1 459	1 617	1 693	1 772
Infrastructure - Other	3 015	3 453	3 872	4 171	4 171	4 481	4 705	4 940
Infrastructure	9 422	10 334	10 631	11 470	12 530	11 626	12 137	12 652
Community	669	656	642	1 612	1 652	653	682	713
Heritage assets	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–
Other assets	5 349	4 706	5 751	7 124	6 809	8 279	8 991	9 672
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>81 936</b>	<b>90 614</b>	<b>86 963</b>	<b>96 852</b>	<b>97 636</b>	<b>99 434</b>	<b>106 918</b>	<b>109 929</b>
<b>Renewal of Existing Assets as % of total capex</b>	100.0%	87.3%	65.6%	80.5%	61.0%	42.2%	49.1%	45.7%
<b>Renewal of Existing Assets as % of deprecn"</b>	162.2%	101.2%	80.2%	85.2%	85.5%	49.7%	53.9%	48.1%
<b>R&amp;M as a % of PPE</b>	0.9%	0.9%	1.0%	1.1%	1.2%	1.1%	1.2%	1.3%
<b>Renewal and R&amp;M as a % of PPE</b>	7.0%	5.0%	4.0%	5.0%	5.0%	3.0%	4.0%	4.0%

It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the introduction of mSCOA will correct this deficiency.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Income foregone totals R60.474 million in 2015/16. This figure is expected to increase to R67.937 million and R73.584 million in the outer years of the MTREF. Compared to the 2014/15 year when the income foregone figure was appropriated at R 50.771



million, we observe a major increase in indigent support due to a revised indigent policy that is more inclusive.

**Subsidies for indigent households are set out below:**

1	Rates free of charge to the value based on market value of his property to the maximum of R115 000
2	50 kWh free electricity per month
3	9 kiloliters of water free per month
4	Free refuse x 4 removals per month
5	Free sewerage per month



## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by funding source:

Description	Final Budget		2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15 R'000	Budget Year 2014/15 %	Budget Year 2015/16 R'000	Budget Year 2015/16 %	Budget Year +1 2016/17 R'000	Budget Year +1 2016/17 %	Budget Year +2 2017/18 R'000	Budget Year +2 2017/18 %
<b>Total Capital Expenditure</b>	<b>107 496</b>	<b>100%</b>	<b>92 885</b>	<b>100%</b>	<b>93 451</b>	<b>100%</b>	<b>91 633</b>	<b>100%</b>
<b>Funded by:</b>								
Transfers recognised - capital	48 520	45%	51 984	56%	48 187	52%	48 653	53%
Public contributions & donations	1 500	1%	1 500	2%	–	0%	–	0%
Borrowing	–	0%	8 500	9%	18 500	20%	23 500	26%
Internally generated funds	57 476	53%	30 901	33%	26 764	29%	19 480	21%
<b>Total Capital Funding</b>	<b>107 496</b>	<b>100%</b>	<b>92 885</b>	<b>100%</b>	<b>93 451</b>	<b>100%</b>	<b>91 633</b>	<b>100%</b>

Based on appropriations per vote, the allocations are as follows:

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 1 - Corporate Services	–	–	–	–	–	2 000	3 000	–
Vote 2 - Civil Services	59 846	29 378	34 137	40 954	40 954	7 360	27 075	26 928
Vote 5 - Financial Services	–	–	471	1 000	1 700	600	700	1 000
Vote 8 - Protection Services	–	–	–	–	–	–	75	1 525
<b>Capital multi-year expenditure sub-total</b>	<b>59 846</b>	<b>29 378</b>	<b>34 608</b>	<b>41 954</b>	<b>42 654</b>	<b>9 960</b>	<b>30 850</b>	<b>29 453</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Corporate Services	363	231	403	1 817	1 830	8 970	245	45
Vote 2 - Civil Services	32 015	32 434	18 969	19 316	20 359	39 744	44 867	44 525
Vote 3 - Council	–	1	1 075	814	814	805	805	805
Vote 4 - Electricity Services	11 589	17 411	12 580	12 232	12 024	7 542	8 820	8 940
Vote 5 - Financial Services	1 114	979	418	30	30	315	15	15
Vote 6 - Development Services	1 203	5 574	17 060	4 164	28 964	25 230	7 730	7 730
Vote 7 - Municipal Manager	–	20	1	20	20	5	5	5
Vote 8 - Protection Services	1 717	799	337	728	801	314	114	115
<b>Capital single-year expenditure sub-total</b>	<b>48 002</b>	<b>57 450</b>	<b>50 845</b>	<b>39 120</b>	<b>64 842</b>	<b>82 925</b>	<b>62 601</b>	<b>62 180</b>
<b>Total Capital Expenditure - Vote</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>





The following table provides more information on the breakdown of the capital budget.

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets</b>	–	11 037	29 356	15 808	41 952	53 691	47 556	49 801
Infrastructure - Road transport	–	2 350	9 138	1 996	16 788	17 649	3 656	3 288
Infrastructure - Electricity	–	–	5 000	4 250	8 250	4 700	–	–
Infrastructure - Water	–	1 129	3 659	100	3 561	5 280	19 752	23 500
Infrastructure - Sanitation	–	1 338	2 359	–	4 500	3 550	–	2 252
Infrastructure	–	4 817	20 156	6 346	33 098	31 179	23 409	29 040
Community	–	383	–	3 100	100	11 823	21 055	14 941
Investment properties	–	1 195	–	–	–	–	–	–
Other assets	–	4 642	9 201	6 363	8 754	10 690	3 092	5 820
<b>Total Renewal of Existing Assets</b>	107 848	75 791	56 097	65 266	65 544	39 194	45 895	41 832
Infrastructure - Road transport	14 383	11 305	8 325	9 877	10 040	24 910	23 394	29 982
Infrastructure - Electricity	10 523	15 253	5 186	4 450	4 345	6 200	7 000	7 800
Infrastructure - Water	2 147	8 845	2 613	2 738	2 738	2 832	11 451	3 765
Infrastructure - Sanitation	59 413	30 561	34 137	40 954	40 954	3 660	2 500	65
Infrastructure - Other	–	200	–	–	–	–	–	–
Infrastructure	86 467	66 164	50 260	58 019	58 077	37 602	44 345	41 612
Community	2 325	1 618	989	944	799	–	80	80
Investment properties	2 075	–	–	–	–	–	–	–
Other assets	16 725	8 009	4 848	6 303	6 668	1 592	1 470	140
Intangibles	255	–	–	–	–	–	–	–
<b>Total Capital Expenditure</b>								
Infrastructure - Road transport	14 383	13 655	17 463	11 873	26 828	42 559	27 050	33 271
Infrastructure - Electricity	10 523	15 253	10 185	8 700	12 595	10 900	7 000	7 800
Infrastructure - Water	2 147	9 973	6 272	2 838	6 299	8 112	31 204	27 265
Infrastructure - Sanitation	59 413	31 900	36 496	40 954	45 454	7 210	2 500	2 317
Infrastructure - Other	–	200	–	–	–	–	–	–
Infrastructure	86 467	70 981	70 416	64 365	91 175	68 781	67 754	70 653
Community	2 325	2 001	989	4 044	899	11 823	21 135	15 021
Investment properties	2 075	1 195	–	–	–	–	–	–
Other assets	16 725	12 651	14 048	12 665	15 422	12 282	4 562	5 960
Intangibles	255	–	–	–	–	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>



## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**MBRR Table A1 - Budget Summary**

Description  R thousands	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>								
Property rates	60 261	67 274	70 551	75 594	73 866	78 939	86 642	94 725
Service charges	210 663	237 430	250 967	270 896	259 826	293 191	326 931	365 090
Investment revenue	10 609	9 917	12 934	9 894	9 894	8 300	7 300	6 300
Transfers recognised - operational	39 749	40 483	66 152	53 427	89 723	62 706	69 897	78 953
Other own revenue	29 235	31 635	55 242	26 325	47 565	53 601	53 355	54 145
<b>Total Revenue (excluding capital transfers and contributions)</b>	350 517	386 739	455 845	436 136	480 874	496 737	544 124	599 213
Employee costs	110 535	125 820	128 665	140 566	145 279	156 706	163 260	175 424
Remuneration of councillors	6 619	6 703	7 703	8 288	8 450	9 530	10 050	10 229
Depreciation & asset impairment	66 496	74 919	69 939	76 645	76 645	78 876	85 108	86 892
Finance charges	5 255	8 486	15 107	14 644	14 644	20 199	19 726	19 254
Materials and bulk purchases	122 558	137 413	145 166	161 610	161 610	187 316	210 357	236 403
Transfers and grants	1 231	1 293	1 975	2 083	2 083	2 137	2 137	2 137
Other expenditure	71 722	58 894	110 187	92 395	137 724	110 343	113 717	120 163
<b>Total Expenditure</b>	384 416	413 527	478 743	496 232	546 436	565 108	604 354	650 501
<b>Surplus/(Deficit)</b>	(33 899)	(26 788)	(22 898)	(60 096)	(65 562)	(68 371)	(60 230)	(51 288)
Transfers recognised - capital	16 819	24 471	41 256	27 666	48 520	51 984	48 187	48 653
Contributions recognised - capital & contrib	–	150	2 000	1 500	1 500	1 500	–	–
<b>Surplus/(Deficit) for the year</b>	(17 079)	(2 167)	20 358	(30 930)	(15 543)	(14 887)	(12 043)	(2 635)



Swartland Municipality

2015/16 Annual Budget and MTREF

Description R thousands	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>107 848</b>	86 828	85 453	81 074	107 496	92 885	93 451	91 633
Transfers recognised - capital	<b>16 819</b>	24 471	41 256	27 666	48 520	51 984	48 187	48 653
Public contributions & donations	–	715	2 939	1 500	1 500	1 500	–	–
Borrowing	<b>47 344</b>	16 002	–	–	–	8 500	18 500	23 500
Internally generated funds	<b>43 685</b>	45 640	41 259	51 908	57 476	30 901	26 764	19 480
<b>Total sources of capital funds</b>	<b>107 848</b>	86 828	85 453	81 074	107 496	92 885	93 451	91 633
<b>Financial position</b>								
Total current assets	<b>270 705</b>	265 629	288 900	248 026	250 943	246 002	267 107	314 249
Total non current assets	<b>1 772 523</b>	1 782 199	1 791 831	1 799 434	1 820 514	1 832 356	1 838 425	1 840 778
Total current liabilities	<b>64 715</b>	65 169	75 340	99 701	82 116	99 740	124 289	157 409
Total non current liabilities	<b>179 988</b>	186 300	188 674	186 305	188 167	192 331	206 998	226 009
Community wealth/Equity	<b>1 798 526</b>	1 796 359	1 816 717	1 761 454	1 801 175	1 786 288	1 774 244	1 771 610
<b>Cash flows</b>								
Net cash from (used) operating	<b>59 136</b>	82 922	102 937	77 624	75 691	82 316	100 462	119 563
Net cash from (used) investing	<b>(35 086)</b>	(85 218)	(84 744)	(80 850)	(107 275)	(91 162)	(93 228)	(91 410)
Net cash from (used) financing	<b>99 758</b>	(6 785)	(5 326)	(3 247)	(3 288)	3 343	12 904	17 316
<b>Cash/cash equivalents at the year end</b>	<b>219 211</b>	210 129	222 995	177 980	188 123	182 619	202 758	248 228
<b>Cash backing/surplus reconciliation</b>								
Cash and investments available	<b>219 211</b>	210 129	222 995	177 980	188 123	182 619	202 758	248 228
Application of cash and investments	<b>110 841</b>	89 912	88 134	22 378	97 471	113 200	135 197	164 873
<b>Balance - surplus (shortfall)</b>	<b>108 369</b>	120 217	134 861	155 602	90 651	69 419	67 562	83 355
<b>Asset management</b>								
Asset register summary (WDV)	<b>1 772 064</b>	1 781 801	1 791 599	1 799 083	1 820 305	1 832 171	1 838 263	1 840 640
Depreciation & asset impairment	<b>66 496</b>	74 919	69 939	76 645	76 645	78 876	85 108	86 892
Renewal of Existing Assets	<b>107 848</b>	75 791	56 097	65 266	65 544	39 194	45 895	41 832
Repairs and Maintenance	<b>15 440</b>	15 696	17 024	20 207	20 991	20 559	21 811	23 036
<b>Free services</b>								
Cost of Free Basic Services provided	<b>1 169</b>	1 373	1 701	1 941	1 941	2 758	3 056	3 399
Revenue cost of free services provided	<b>18 751</b>	20 888	25 253	28 564	28 564	40 378	44 864	49 985
<b>Households below minimum service level</b>								
Water:	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–
Energy:	3	1	2	2	2	2	2	2
Refuse:	–	–	–	–	–	–	–	–

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The accumulated surplus is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.



**MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>								
<i><b>Governance and administration</b></i>	<b>114 395</b>	<b>128 610</b>	<b>177 518</b>	<b>141 006</b>	<b>185 353</b>	<b>109 904</b>	<b>119 840</b>	<b>132 265</b>
Executive and council	28 097	34 831	73 628	33 761	90 906	555	555	555
Budget and treasury office	82 900	92 485	98 054	106 070	93 272	107 784	117 702	130 039
Corporate services	3 398	1 294	5 836	1 175	1 175	1 565	1 583	1 672
<i><b>Community and public safety</b></i>	<b>10 804</b>	<b>11 732</b>	<b>33 182</b>	<b>14 585</b>	<b>35 689</b>	<b>62 453</b>	<b>58 059</b>	<b>54 226</b>
Community and social services	4 654	5 611	6 049	6 868	6 872	14 060	11 010	8 532
Sport and recreation	2 614	2 873	2 805	2 881	2 881	8 032	13 270	10 289
Public safety	3 285	3 007	24 102	4 560	25 660	26 129	25 846	27 473
Housing	250	241	226	276	276	14 233	7 933	7 933
Health	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>	<b>7 278</b>	<b>8 495</b>	<b>9 017</b>	<b>9 021</b>	<b>9 161</b>	<b>34 141</b>	<b>30 713</b>	<b>37 054</b>
Planning and development	1 538	2 157	1 937	1 898	2 038	1 929	1 991	2 055
Road transport	5 740	6 338	7 079	7 123	7 123	32 212	28 723	34 999
Environmental protection	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>	<b>234 842</b>	<b>262 505</b>	<b>279 364</b>	<b>300 669</b>	<b>300 669</b>	<b>343 700</b>	<b>383 475</b>	<b>424 295</b>
Electricity	149 874	166 855	175 968	191 178	191 178	211 931	237 890	266 417
Water	32 400	35 164	36 465	39 418	39 418	52 114	59 727	64 958
Waste water management	31 055	34 804	39 662	41 481	41 481	49 269	53 093	57 676
Waste management	21 512	25 682	27 270	28 591	28 591	30 387	32 765	35 245
<i><b>Other</b></i>	<b>17</b>	<b>18</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>223</b>	<b>25</b>
<b>Total Revenue - Standard</b>	<b>367 337</b>	<b>411 360</b>	<b>499 101</b>	<b>465 302</b>	<b>530 893</b>	<b>550 221</b>	<b>592 311</b>	<b>647 866</b>



Standard Classification Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure - Standard</b>								
<i><b>Governance and administration</b></i>	<b>77 067</b>	<b>71 418</b>	<b>104 782</b>	<b>90 433</b>	<b>121 351</b>	<b>96 509</b>	<b>101 363</b>	<b>107 010</b>
Executive and council	22 912	17 004	41 184	18 847	55 412	20 048	21 104	21 770
Budget and treasury office	29 389	27 871	35 248	43 921	36 914	44 977	47 936	50 992
Corporate services	24 766	26 543	28 350	27 666	29 024	31 485	32 323	34 249
<i><b>Community and public safety</b></i>	<b>42 224</b>	<b>48 605</b>	<b>62 353</b>	<b>53 786</b>	<b>70 501</b>	<b>71 831</b>	<b>74 872</b>	<b>79 959</b>
Community and social services	10 207	12 426	12 058	13 904	14 312	15 939	16 806	18 627
Sport and recreation	12 083	15 516	14 385	16 353	16 748	16 558	17 425	18 868
Public safety	18 811	19 302	34 414	21 743	37 777	37 968	39 224	40 973
Housing	1 124	1 361	1 497	1 786	1 665	1 365	1 417	1 491
Health	–	–	–	–	–	–	–	–
<i><b>Economic and environmental services</b></i>	<b>53 134</b>	<b>57 398</b>	<b>58 797</b>	<b>64 437</b>	<b>65 970</b>	<b>68 524</b>	<b>69 158</b>	<b>72 259</b>
Planning and development	8 891	8 441	8 665	11 522	11 130	11 889	11 380	11 962
Road transport	44 243	48 957	50 132	52 914	54 841	56 635	57 777	60 297
Environmental protection	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>	<b>211 105</b>	<b>235 016</b>	<b>251 817</b>	<b>286 580</b>	<b>287 595</b>	<b>327 093</b>	<b>357 802</b>	<b>390 080</b>
Electricity	133 181	146 557	154 305	175 831	176 397	198 062	219 649	243 012
Water	38 947	41 814	42 881	46 278	46 596	57 885	62 598	68 585
Waste water management	19 892	24 835	31 964	37 507	37 574	42 187	45 348	46 214
Waste management	19 084	21 810	22 667	26 963	27 028	28 959	30 207	32 268
<i><b>Other</b></i>	<b>887</b>	<b>1 090</b>	<b>993</b>	<b>996</b>	<b>1 019</b>	<b>1 151</b>	<b>1 161</b>	<b>1 193</b>
<b>Total Expenditure - Standard</b>	<b>384 416</b>	<b>413 527</b>	<b>478 743</b>	<b>496 232</b>	<b>546 436</b>	<b>565 108</b>	<b>604 354</b>	<b>650 501</b>
<b>Surplus/(Deficit) for the year</b>	<b>(17 079)</b>	<b>(2 167)</b>	<b>20 358</b>	<b>(30 930)</b>	<b>(15 543)</b>	<b>(14 887)</b>	<b>(12 043)</b>	<b>(2 635)</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



**MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>								
Vote 1 - Corporate Services	6 488	5 609	6 087	6 899	6 899	9 929	11 559	8 843
Vote 2 - Civil Services	87 097	97 971	110 549	112 288	112 288	164 635	179 905	195 225
Vote 3 - Council	28 097	34 831	73 628	33 761	90 906	125	125	125
Vote 4 - Electricity Services	149 874	166 856	175 968	191 178	191 178	211 931	237 890	266 417
Vote 5 - Financial Services	82 900	92 485	98 054	106 070	93 272	107 784	117 702	130 039
Vote 6 - Development Services	4 020	4 645	4 424	4 699	4 843	23 168	12 575	12 838
Vote 7 - Municipal Manager	–	–	–	–	–	430	430	430
Vote 8 - Protection Services	8 861	8 963	30 392	10 406	31 506	32 218	32 125	33 949
<b>Total Revenue by Vote</b>	<b>367 337</b>	<b>411 360</b>	<b>499 101</b>	<b>465 302</b>	<b>530 893</b>	<b>550 221</b>	<b>592 311</b>	<b>647 866</b>
<b>Expenditure by Vote to be appropriated</b>								
Vote 1 - Corporate Services	15 631	17 349	18 340	20 024	21 779	23 138	23 373	24 911
Vote 2 - Civil Services	142 205	160 223	169 939	184 253	186 869	208 428	219 579	232 570
Vote 3 - Council	19 654	13 490	37 275	14 327	50 871	14 645	15 337	15 717
Vote 4 - Electricity Services	133 181	151 927	160 262	183 743	184 227	206 577	228 784	252 956
Vote 5 - Financial Services	34 734	27 871	35 248	43 921	36 914	44 977	47 936	50 992
Vote 6 - Development Services	12 199	13 088	12 897	16 907	16 356	17 111	17 236	19 103
Vote 7 - Municipal Manager	3 259	3 514	3 908	4 520	4 541	5 403	5 766	6 052
Vote 8 - Protection Services	23 554	26 064	40 872	28 537	44 878	44 830	46 342	48 199
<b>Total Expenditure by Vote</b>	<b>384 416</b>	<b>413 527</b>	<b>478 743</b>	<b>496 232</b>	<b>546 436</b>	<b>565 108</b>	<b>604 354</b>	<b>650 501</b>
<b>Surplus/(Deficit) for the year</b>	<b>(17 079)</b>	<b>(2 167)</b>	<b>20 358</b>	<b>(30 930)</b>	<b>(15 543)</b>	<b>(14 887)</b>	<b>(12 043)</b>	<b>(2 635)</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.



**MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	60 261	67 274	70 551	75 594	73 866	78 939	86 642	94 725
Service charges - electricity revenue	147 889	165 057	173 444	189 046	188 269	208 823	234 577	262 810
Service charges - water revenue	28 375	30 945	32 613	34 803	33 788	41 620	46 113	54 164
Service charges - sanitation revenue	19 797	22 978	25 373	26 837	21 177	25 137	27 615	28 807
Service charges - refuse revenue	14 603	18 450	19 536	20 210	16 592	17 610	18 625	19 309
Rental of facilities and equipment	2 915	2 885	3 239	3 252	3 252	3 349	3 519	3 697
Interest earned - external investments	10 609	9 917	12 934	9 894	9 894	8 300	7 300	6 300
Interest earned - outstanding debtors	1 292	1 441	1 813	1 340	1 340	1 376	1 425	1 476
Fines	3 285	2 948	23 734	4 041	25 141	25 735	25 836	25 936
Licences and permits	2 864	3 225	3 488	3 157	3 157	3 273	3 323	3 373
Agency services	2 412	2 496	2 725	2 666	2 666	2 799	2 939	3 086
Transfers recognised - operational	39 749	40 483	66 152	53 427	89 723	62 706	69 897	78 953
Other revenue	16 467	17 090	19 701	11 670	11 810	16 868	16 114	16 377
Gains on disposal of PPE	–	1 550	540	200	200	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>350 517</b>	<b>386 739</b>	<b>455 845</b>	<b>436 136</b>	<b>480 874</b>	<b>496 737</b>	<b>544 124</b>	<b>599 213</b>
<b>Expenditure By Type</b>								
Employee related costs	110 535	125 820	128 665	140 566	145 279	156 706	163 260	175 424
Remuneration of councillors	6 619	6 703	7 703	8 288	8 450	9 530	10 050	10 229
Debt impairment	1 473	1 260	18 913	12 113	28 163	34 381	36 110	37 777
Depreciation & asset impairment	66 496	74 919	69 939	76 645	76 645	78 876	85 108	86 892
Finance charges	5 255	8 486	15 107	14 644	14 644	20 199	19 726	19 254
Bulk purchases	122 558	137 413	145 166	161 610	161 610	187 316	210 357	236 403
Contracted services	3 104	3 096	3 352	4 026	3 698	3 660	3 966	4 181
Transfers and grants	1 231	1 293	1 975	2 083	2 083	2 137	2 137	2 137
Other expenditure	63 816	52 496	78 798	74 113	103 719	70 158	71 390	75 841
Loss on disposal of PPE	3 329	2 042	9 124	2 144	2 144	2 144	2 251	2 364
<b>Total Expenditure</b>	<b>384 416</b>	<b>413 527</b>	<b>478 743</b>	<b>496 232</b>	<b>546 436</b>	<b>565 108</b>	<b>604 354</b>	<b>650 501</b>
<b>Surplus/(Deficit)</b>	<b>(33 899)</b>	<b>(26 788)</b>	<b>(22 898)</b>	<b>(60 096)</b>	<b>(65 562)</b>	<b>(68 371)</b>	<b>(60 230)</b>	<b>(51 288)</b>
Transfers recognised - capital	16 819	24 471	41 256	27 666	48 520	51 984	48 187	48 653
Contributions recognised - capital	–	150	2 000	1 500	1 500	1 500	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(17 079)</b>	<b>(2 167)</b>	<b>20 358</b>	<b>(30 930)</b>	<b>(15 543)</b>	<b>(14 887)</b>	<b>(12 043)</b>	<b>(2 635)</b>





## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

## MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 1 - Corporate Services	–	–	–	–	–	2 000	3 000	–
Vote 2 - Civil Services	59 846	29 378	34 137	40 954	40 954	7 360	27 075	26 928
Vote 5 - Financial Services	–	–	471	1 000	1 700	600	700	1 000
Vote 8 - Protection Services	–	–	–	–	–	–	75	1 525
<b>Capital multi-year expenditure sub-total</b>	<b>59 846</b>	<b>29 378</b>	<b>34 608</b>	<b>41 954</b>	<b>42 654</b>	<b>9 960</b>	<b>30 850</b>	<b>29 453</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Corporate Services	363	231	403	1 817	1 830	8 970	245	45
Vote 2 - Civil Services	32 015	32 434	18 969	19 316	20 359	39 744	44 867	44 525
Vote 3 - Council	–	1	1 075	814	814	805	805	805
Vote 4 - Electricity Services	11 589	17 411	12 580	12 232	12 024	7 542	8 820	8 940
Vote 5 - Financial Services	1 114	979	418	30	30	315	15	15
Vote 6 - Development Services	1 203	5 574	17 060	4 164	28 964	25 230	7 730	7 730
Vote 7 - Municipal Manager	–	20	1	20	20	5	5	5
Vote 8 - Protection Services	1 717	799	337	728	801	314	114	115
<b>Capital single-year expenditure sub-total</b>	<b>48 002</b>	<b>57 450</b>	<b>50 845</b>	<b>39 120</b>	<b>64 842</b>	<b>82 925</b>	<b>62 601</b>	<b>62 180</b>
<b>Total Capital Expenditure - Vote</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>



Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>								
<b>Governance and administration</b>	1 385	2 878	2 502	3 639	4 553	12 665	4 740	1 840
Executive and council	–	1 756	1 077	834	834	810	810	810
Budget and treasury office	1 114	1 122	888	1 030	1 730	915	715	1 015
Corporate services	271	–	537	1 775	1 988	10 940	3 215	15
<b>Community and public safety</b>	5 465	10 870	18 557	6 566	31 388	30 441	18 434	16 771
Community and social services	136	1 101	170	3 310	170	4 710	7 760	7 760
Sport and recreation	3 105	2 230	1 113	1 632	1 581	4 867	10 485	7 371
Public safety	1 717	888	337	728	801	314	189	1 640
Housing	506	6 652	16 938	896	28 836	20 550	–	–
<b>Economic and environmental services</b>	19 833	16 174	9 057	11 249	11 771	32 444	27 660	34 406
Planning and development	698	–	106	114	114	60	60	65
Road transport	19 136	16 174	8 951	11 135	11 656	32 384	27 600	34 341
<b>Trading services</b>	81 165	56 905	55 336	59 619	59 784	17 335	42 617	38 617
Electricity	11 589	16 631	12 580	12 232	12 024	7 542	8 820	8 940
Water	3 335	5 914	2 984	2 939	3 450	6 048	31 242	27 305
Waste water management	61 492	–	34 869	42 593	42 281	3 730	2 540	2 357
Waste management	4 749	34 360	4 903	1 856	2 030	15	15	15
<b>Total Capital Expenditure - Standard</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>
<b>Funded by:</b>								
National Government	11 974	17 545	25 222	23 918	23 918	20 709	21 387	22 403
Provincial Government	4 179	6 926	16 034	3 748	24 602	31 275	26 800	26 250
<b>Transfers recognised - capital</b>	<b>16 819</b>	<b>24 471</b>	<b>41 256</b>	<b>27 666</b>	<b>48 520</b>	<b>51 984</b>	<b>48 187</b>	<b>48 653</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>715</b>	<b>2 939</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>47 344</b>	<b>16 002</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8 500</b>	<b>18 500</b>	<b>23 500</b>
<b>Internally generated funds</b>	<b>43 685</b>	<b>45 640</b>	<b>41 259</b>	<b>51 908</b>	<b>57 476</b>	<b>30 901</b>	<b>26 764</b>	<b>19 480</b>
<b>Total Capital Funding</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>

### Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.



### MBRR Table A6 - Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228
Consumer debtors	40 559	45 845	47 871	60 350	47 598	48 160	49 126	50 798
Other debtors	5 861	2 595	8 895	2 132	8 895	8 895	8 895	8 895
Current portion of long-term receivables	23	24	21	24	24	24	24	24
Inventory	5 052	7 035	9 118	7 540	6 304	6 304	6 304	6 304
<b>Total current assets</b>	<b>270 705</b>	<b>265 629</b>	<b>288 900</b>	<b>248 026</b>	<b>250 943</b>	<b>246 002</b>	<b>267 107</b>	<b>314 249</b>
<b>Non current assets</b>								
Long-term receivables	458	397	232	350	209	185	162	138
Investment property	33 111	31 363	28 542	31 778	28 189	27 956	27 722	27 521
Property, plant and equipment	1 737 872	1 749 213	1 761 130	1 766 049	1 790 348	1 802 607	1 809 091	1 811 829
Intangible	314	458	1 160	490	1 000	841	682	523
Other non-current assets	767	767	767	767	767	767	767	767
<b>Total non current assets</b>	<b>1 772 523</b>	<b>1 782 199</b>	<b>1 791 831</b>	<b>1 799 434</b>	<b>1 820 514</b>	<b>1 832 356</b>	<b>1 838 425</b>	<b>1 840 778</b>
<b>TOTAL ASSETS</b>	<b>2 043 228</b>	<b>2 047 828</b>	<b>2 080 731</b>	<b>2 047 460</b>	<b>2 071 457</b>	<b>2 078 358</b>	<b>2 105 532</b>	<b>2 155 027</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Borrowing	6 826	5 244	3 766	4 094	4 080	5 399	5 871	6 511
Consumer deposits	6 287	6 896	7 963	7 717	8 441	9 032	9 664	10 341
Trade and other payables	46 663	47 297	57 438	81 768	62 990	78 308	101 333	132 691
Provisions	4 939	5 731	6 172	6 122	6 605	7 001	7 421	7 866
<b>Total current liabilities</b>	<b>64 715</b>	<b>65 169</b>	<b>75 340</b>	<b>99 701</b>	<b>82 116</b>	<b>99 740</b>	<b>124 289</b>	<b>157 409</b>
<b>Non current liabilities</b>								
Borrowing	146 683	141 479	137 631	133 551	133 551	134 984	146 784	162 784
Provisions	33 305	44 821	51 043	52 754	54 616	57 347	60 214	63 225
<b>Total non current liabilities</b>	<b>179 988</b>	<b>186 300</b>	<b>188 674</b>	<b>186 305</b>	<b>188 167</b>	<b>192 331</b>	<b>206 998</b>	<b>226 009</b>
<b>TOTAL LIABILITIES</b>	<b>244 702</b>	<b>251 469</b>	<b>264 013</b>	<b>286 006</b>	<b>270 283</b>	<b>292 071</b>	<b>331 287</b>	<b>383 418</b>
<b>NET ASSETS</b>	<b>1 798 526</b>	<b>1 796 359</b>	<b>1 816 717</b>	<b>1 761 454</b>	<b>1 801 175</b>	<b>1 786 288</b>	<b>1 774 244</b>	<b>1 771 610</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	1 687 589	1 705 234	1 729 461	1 761 033	1 713 919	1 699 032	1 686 988	1 684 354
Reserves	110 937	91 125	87 256	422	87 256	87 256	87 256	87 256
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 798 526</b>	<b>1 796 359</b>	<b>1 816 717</b>	<b>1 761 454</b>	<b>1 801 175</b>	<b>1 786 288</b>	<b>1 774 244</b>	<b>1 771 610</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties & collection charges	60 261	67 274	70 551	75 594	73 866	74 992	82 310	89 989
Service charges	210 663	237 430	250 967	270 896	259 826	278 531	310 584	346 836
Other revenue	28 466	27 835	51 810	8 215	20 975	35 757	35 404	36 085
Government - operating	39 749	38 924	64 638	53 427	89 620	62 706	69 897	78 953
Government - capital	16 819	24 567	37 053	53 105	53 119	66 939	67 657	76 053
Interest	10 609	9 917	12 934	11 165	9 894	9 607	8 653	7 702
<b>Payments</b>								
Suppliers and employees	(300 947)	(313 247)	(367 934)	(378 050)	(414 882)	(423 881)	(452 180)	(494 663)
Finance charges	(5 255)	(8 486)	(15 107)	(14 644)	(14 644)	(20 199)	(19 726)	(19 254)
Transfers and Grants	(1 231)	(1 293)	(1 975)	(2 083)	(2 083)	(2 137)	(2 137)	(2 137)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>59 136</b>	<b>82 922</b>	<b>102 937</b>	<b>77 624</b>	<b>75 691</b>	<b>82 316</b>	<b>100 462</b>	<b>119 563</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	1 446	1 550	540	200	200	1 700	200	200
Decrease (Increase) in non-current debtors	–	–	–	–	–	24	24	24
Decrease (increase) other non-current receivables	24	60	168	24	21	–	–	–
Decrease (increase) in non-current investments	71 841	–	–	–	–	–	–	–
<b>Payments</b>								
Capital assets	(108 396)	(86 828)	(85 453)	(81 074)	(107 496)	(92 885)	(93 451)	(91 633)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(35 086)</b>	<b>(85 218)</b>	<b>(84 744)</b>	<b>(80 850)</b>	<b>(107 275)</b>	<b>(91 162)</b>	<b>(93 228)</b>	<b>(91 410)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	105 478	82	–	–	–	8 500	18 500	23 500
Increase (decrease) in consumer deposits	–	–	–	505	478	591	632	676
<b>Payments</b>								
Repayment of borrowing	(5 720)	(6 868)	(5 326)	(3 752)	(3 766)	(5 748)	(6 228)	(6 860)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>99 758</b>	<b>(6 785)</b>	<b>(5 326)</b>	<b>(3 247)</b>	<b>(3 288)</b>	<b>3 343</b>	<b>12 904</b>	<b>17 316</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>123 808</b>	<b>(9 082)</b>	<b>12 866</b>	<b>(6 474)</b>	<b>(34 872)</b>	<b>(5 503)</b>	<b>20 139</b>	<b>45 470</b>
Cash/cash equivalents at the year begin:	95 403	219 211	210 129	184 454	222 995	188 123	182 619	202 758
Cash/cash equivalents at the year end:	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash levels above are inclusive of unspent grants.

### MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228
<b>Cash and investments available:</b>	<b>219 211</b>	<b>210 129</b>	<b>222 995</b>	<b>177 980</b>	<b>188 123</b>	<b>182 619</b>	<b>202 758</b>	<b>248 228</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	4 592	2 430	102	27 106	4 599	19 554	39 024	66 424
Other working capital requirements	(4 687)	(3 642)	776	(5 149)	5 616	6 390	8 916	11 193
Reserves to be backed by cash/investments	110 937	91 125	87 256	422	87 256	87 256	87 256	87 256
<b>Total Application of cash and investments:</b>	<b>110 841</b>	<b>89 912</b>	<b>88 134</b>	<b>22 378</b>	<b>97 471</b>	<b>113 200</b>	<b>135 197</b>	<b>164 873</b>
<b>Surplus(shortfall)</b>	<b>108 369</b>	<b>120 217</b>	<b>134 861</b>	<b>155 602</b>	<b>90 651</b>	<b>69 419</b>	<b>67 562</b>	<b>83 355</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



### MBRR Table A9 - Asset Management

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CAPITAL EXPENDITURE</b>								
<b><u>Total New Assets</u></b>	–	11 037	29 356	15 808	41 952	53 691	47 556	49 801
Infrastructure - Road transport	–	2 350	9 138	1 996	16 788	17 649	3 656	3 288
Infrastructure - Electricity	–	–	5 000	4 250	8 250	4 700	–	–
Infrastructure - Water	–	1 129	3 659	100	3 561	5 280	19 752	23 500
Infrastructure - Sanitation	–	1 338	2 359	–	4 500	3 550	–	2 252
Infrastructure	–	4 817	20 156	6 346	33 098	31 179	23 409	29 040
Community	–	383	–	3 100	100	11 823	21 055	14 941
Heritage assets	–	–	–	–	–	–	–	–
Investment properties	–	1 195	–	–	–	–	–	–
Other assets	–	4 642	9 201	6 363	8 754	10 690	3 092	5 820
<b><u>Total Renewal of Existing Assets</u></b>	107 848	75 791	56 097	65 266	65 544	39 194	45 895	41 832
Infrastructure - Road transport	14 383	11 305	8 325	9 877	10 040	24 910	23 394	29 982
Infrastructure - Electricity	10 523	15 253	5 186	4 450	4 345	6 200	7 000	7 800
Infrastructure - Water	2 147	8 845	2 613	2 738	2 738	2 832	11 451	3 765
Infrastructure - Sanitation	59 413	30 561	34 137	40 954	40 954	3 660	2 500	65
Infrastructure - Other	–	200	–	–	–	–	–	–
Infrastructure	86 467	66 164	50 260	58 019	58 077	37 602	44 345	41 612
Community	2 325	1 618	989	944	799	–	80	80
Investment properties	2 075	–	–	–	–	–	–	–
Other assets	16 725	8 009	4 848	6 303	6 668	1 592	1 470	140
Intangibles	255	–	–	–	–	–	–	–
<b><u>Total Capital Expenditure</u></b>								
Infrastructure - Road transport	14 383	13 655	17 463	11 873	26 828	42 559	27 050	33 271
Infrastructure - Electricity	10 523	15 253	10 185	8 700	12 595	10 900	7 000	7 800
Infrastructure - Water	2 147	9 973	6 272	2 838	6 299	8 112	31 204	27 265
Infrastructure - Sanitation	59 413	31 900	36 496	40 954	45 454	7 210	2 500	2 317
Infrastructure - Other	–	200	–	–	–	–	–	–
Infrastructure	86 467	70 981	70 416	64 365	91 175	68 781	67 754	70 653
Community	2 325	2 001	989	4 044	899	11 823	21 135	15 021
Investment properties	2 075	1 195	–	–	–	–	–	–
Other assets	16 725	12 651	14 048	12 665	15 422	12 282	4 562	5 960
Intangibles	255	–	–	–	–	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>107 848</b>	<b>86 828</b>	<b>85 453</b>	<b>81 074</b>	<b>107 496</b>	<b>92 885</b>	<b>93 451</b>	<b>91 633</b>



Swartland Municipality

2015/16 Annual Budget and MTREF

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>								
Infrastructure - Road transport	587 650	576 180	570 034	551 322	569 351	583 482	580 372	582 736
Infrastructure - Electricity	303 393	307 748	306 729	303 762	307 728	306 316	300 235	294 387
Infrastructure - Water	284 780	284 853	282 442	274 260	278 444	275 991	296 247	312 163
Infrastructure - Sanitation	332 779	355 610	375 477	411 372	409 540	403 607	390 254	376 755
Infrastructure - Other	3 073	2 698	5 446	5 429	5 137	4 637	4 137	3 640
Infrastructure	1 511 675	1 527 089	1 540 128	1 546 145	1 570 201	1 574 033	1 571 245	1 569 681
Community	15 881	14 234	15 201	10 641	11 625	18 933	35 135	44 574
Heritage assets	767	767	767	767	767	767	767	767
Investment properties	33 111	31 363	28 542	31 778	28 189	27 956	27 722	27 521
Other assets	210 316	207 890	205 801	209 263	208 522	209 641	202 711	197 575
Intangibles	314	458	1 160	490	1 000	841	682	523
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 772 064</b>	<b>1 781 801</b>	<b>1 791 599</b>	<b>1 799 083</b>	<b>1 820 305</b>	<b>1 832 171</b>	<b>1 838 263</b>	<b>1 840 640</b>
<b>EXPENDITURE OTHER ITEMS</b>								
<u>Depreciation &amp; asset impairment</u>	66 496	74 919	69 939	76 645	76 645	78 876	85 108	86 892
<u>Repairs and Maintenance by Asset Class</u>	15 440	15 696	17 024	20 207	20 991	20 559	21 811	23 036
Infrastructure - Road transport	3 307	3 387	3 406	3 665	4 725	3 561	3 684	3 792
Infrastructure - Electricity	986	1 079	934	1 199	1 199	1 011	1 061	1 113
Infrastructure - Water	823	827	924	976	976	957	994	1 034
Infrastructure - Sanitation	1 291	1 587	1 494	1 459	1 459	1 617	1 693	1 772
Infrastructure - Other	3 015	3 453	3 872	4 171	4 171	4 481	4 705	4 940
Infrastructure	9 422	10 334	10 631	11 470	12 530	11 626	12 137	12 652
Community	669	656	642	1 612	1 652	653	682	713
Other assets	5 349	4 706	5 751	7 124	6 809	8 279	8 991	9 672
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>81 936</b>	<b>90 614</b>	<b>86 963</b>	<b>96 852</b>	<b>97 636</b>	<b>99 434</b>	<b>106 918</b>	<b>109 929</b>
<b>Renewal of Existing Assets as % of total capex</b>	100.0%	87.3%	65.6%	80.5%	61.0%	42.2%	49.1%	45.7%
<b>Renewal of Existing Assets as % of deprecn"</b>	162.2%	101.2%	80.2%	85.2%	85.5%	49.7%	53.9%	48.1%
<b>R&amp;M as a % of PPE</b>	0.9%	0.9%	1.0%	1.1%	1.2%	1.1%	1.2%	1.3%
<b>Renewal and R&amp;M as a % of PPE</b>	7.0%	5.0%	4.0%	5.0%	5.0%	3.0%	4.0%	4.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.





**MBRR Table A10 - Basic Service Delivery Measurement**

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>								
<b><u>Water:</u></b>								
Piped water inside dwelling	18 448	18 492	18 492	18 952	18 952	19 171	19 200	19 300
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	18 448	18 492	18 492	18 952	18 952	19 171	19 200	19 300
Using public tap (< min.service level)	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>18 448</b>	<b>18 492</b>	<b>18 492</b>	<b>18 952</b>	<b>18 952</b>	<b>19 171</b>	<b>19 200</b>	<b>19 300</b>
<b><u>Sanitation/sewerage:</u></b>								
Flush toilet (connected to sewerage)	15 985	15 996	15 996	16 456	16 456	16 666	16 695	16 795
Flush toilet (with septic tank)	1 352	1 397	1 397	1 414	1 414	1 418	1 418	1 418
Chemical toilet	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	17 337	17 393	17 393	17 870	17 870	18 084	18 113	18 213
Bucket toilet	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>17 337</b>	<b>17 393</b>	<b>17 393</b>	<b>17 870</b>	<b>17 870</b>	<b>18 084</b>	<b>18 113</b>	<b>18 213</b>
<b><u>Energy:</u></b>								
Electricity (at least min.service level)	5 433	5 450	5 450	5 470	5 470	6 094	6 094	6 094
Electricity - prepaid (min.service level)	8 652	8 798	8 798	8 798	8 798	9 034	9 063	9 163
<i>Minimum Service Level and Above sub-total</i>	14 085	14 248	14 248	14 268	14 268	15 128	15 157	15 257
Electricity (< min.service level)	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-
Other energy sources	2 744	1 398	1 758	1 838	1 838	1 767	1 767	1 767
<i>Below Minimum Service Level sub-total</i>	2 744	1 398	1 758	1 838	1 838	1 767	1 767	1 767
<b>Total number of households</b>	<b>16 829</b>	<b>15 646</b>	<b>16 006</b>	<b>16 106</b>	<b>16 106</b>	<b>16 895</b>	<b>16 924</b>	<b>17 024</b>
<b><u>Refuse:</u></b>								
Removed at least once a week	18 346	18 346	18 346	18 738	18 738	18 788	18 817	18 917
<i>Minimum Service Level and Above sub-total</i>	18 346	18 346	18 346	18 738	18 738	18 788	18 817	18 917
Removed less frequently than once a week	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>18 346</b>	<b>18 346</b>	<b>18 346</b>	<b>18 738</b>	<b>18 738</b>	<b>18 788</b>	<b>18 817</b>	<b>18 917</b>



Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Households receiving Free Basic Service</b>								
Water (6 kilolitres per household per month)	4 888	4 968	5 328	5 495	5 495	8 015	8 044	8 114
Sanitation (free minimum level service)	4 709	4 791	5 151	5 292	5 292	7 732	7 761	7 831
Electricity /other energy (50kwh per household per month)	4 626	4 649	5 009	5 266	5 266	7 196	7 225	7 295
Refuse (removed at least once a week)	4 897	4 976	5 336	5 476	5 476	7 935	7 964	8 034
<b>Cost of Free Basic Services provided (R'000)</b>								
Water (5 kilolitres per household per month)	144	163	202	250	250	374	426	486
Sanitation (free sanitation service)	508	645	802	890	890	1 347	1 508	1 704
Electricity /other energy (50kwh per household per month)	145	145	216	260	260	242	258	276
Refuse (removed once a week)	372	421	481	541	541	796	864	933
<b>Total cost of FBS provided (minimum social package)</b>	<b>1 169</b>	<b>1 373</b>	<b>1 701</b>	<b>1 941</b>	<b>1 941</b>	<b>2 758</b>	<b>3 056</b>	<b>3 399</b>
<b>Highest level of free service provided</b>								
Property rates (R value threshold)	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	10	10	10	10	10	10	10	10
Sanitation (kilolitres per household per month)	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)	110	127	127	162	162	176	198	223
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	78	83	83	94	94	101	110	118
<b>Revenue cost of free services provided (R'000)</b>								
Property rates (R15 000 threshold rebate)	1 783	1 605	1 700	1 782	1 782	4 644	5 208	5 832
Property rates (other exemptions, reductions and rebates)	2 936	2 804	3 143	3 143	3 143	2 127	2 254	2 390
Water	1 729	1 954	2 424	2 913	2 913	4 485	5 113	5 829
Sanitation	6 096	7 735	9 629	11 442	11 442	16 160	18 100	20 453
Electricity /other energy	1 745	1 738	2 587	3 006	3 006	3 055	3 440	3 874
Refuse	4 461	5 051	5 771	6 278	6 278	9 907	10 749	11 609
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
<b>Total revenue cost of free services provided (total social package)</b>	<b>18 751</b>	<b>20 888</b>	<b>25 253</b>	<b>28 564</b>	<b>28 564</b>	<b>40 378</b>	<b>44 864</b>	<b>49 985</b>



## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

#### **POLITICAL OVERSIGHT OF THE BUDGET PROCESS**

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans. The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

#### **SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS**

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council on the 28 August 2014.

#### **PURPOSE OF THE BUDGET AND IDP PROCESS PLAN**

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2011/2012-2016/2017) and the budget for the 2015/2016 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2014. Key dates applicable to the process were:

- **5 September 2014** – Discussion on financial position and financial performance (financial statements and cash-flow statements) as well as the standards with MayCo, MM and Division Heads;
- **31 October 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;



- **Jan/Feb 2015** - Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **January 2015** – Adjustment budget proposals are submitted to the Mayoral Committee for endorsement;
- **29 January 2015** - Council considers and approve the 2014/15 Mid-year Review and Adjustments Budget;
- **February 2015** - Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **26 March 2015** - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
- **April 2015** – Public consultation;
- **29 April 2015** - Closing date for written comments;
- **7 to 21 May 2015** – Finalisation of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2015** - Tabling of the 2015/16 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### **2.1.1 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

### **2.1.2 Community Consultation**

A full consultation process was carried out during April 2015. During this process, members of the community were afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable the proposed changes were incorporated into the final budget to be approved by Council at the end of May 2015.



## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2015/16 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	-	-	15	-	-	-	-	-
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	64 546	71 597	77 905	83 162	83 162	133 557	146 452	159 253
	To provide an adequate and affordable cleaning services to the municipal area	C	21 512	25 682	27 270	28 591	28 591	30 387	32 765	35 245
	To ensure that council's building infrastructure is sufficient and properly maintained	D	1 039	693	5 359	534	534	690	689	727
	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	-	-	-	-	-	-	-	-
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	149 874	166 855	175 968	191 178	191 178	211 931	237 890	266 417
Increased community safety through traffic policing, by-law enforcement	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	0	0	0	9	9	0	0	0
	Provision of an effective and pro-active fire-fighting and disaster management service	H	8 861	8 963	30 392	10 397	31 497	32 218	32 125	33 949
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	2 094	2 024	2 276	2 307	2 307	2 421	2 542	2 669
	To promote social development in the municipal area	J	137	223	-	218	222	4 586	110	181
	To ensure sound management of the urban and rural environment	K	1 538	2 157	1 922	1 898	2 038	1 929	1 991	2 055
	To provide effective and sustainable housing delivery and management	M	250	241	226	276	276	14 233	7 933	7 933
Satisfied, involved and well informed clients	To lead and manage the Corporate Services Department effectively and efficiently	N	2 359	600	477	640	640	875	895	944
	To ensure an effective and client orientated municipal administration	O	4 130	5 009	5 610	6 259	6 259	9 054	10 665	7 899
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	82 900	92 485	98 054	106 070	93 272	107 784	117 702	130 039
	To ensure financial viability and sustainability	R	28 097	34 831	73 628	33 761	90 906	125	125	125
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	-	-	-	-	-	430	430	430
	To ensure effective strategic management	T	-	-	-	-	-	-	-	-
	To ensure proper and up-to-date information communication technology systems and processes	U	-	1	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			367 337	411 360	499 101	465 302	530 893	550 221	592 311	647 866



**MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	2 456	2 666	2 860	2 846	2 976	3 576	3 647	3 809
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	109 848	123 652	132 055	145 392	147 740	165 417	175 013	185 627
	To provide an adequate and affordable cleaning services to the municipal area	C	19 084	21 810	22 667	26 963	27 028	28 959	30 207	32 268
	To ensure that council's building infrastructure is sufficient and properly maintained	D	10 818	12 095	12 358	9 051	9 126	10 476	10 712	10 866
	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–	–	–
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	133 181	146 557	154 305	175 831	176 397	198 062	219 649	243 012
Increased community safety through traffic policing, by-law enforcement	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	2 683	2 552	2 743	2 925	2 984	2 512	2 942	3 093
	Provision of an effective and pro-active fire-fighting and disaster management service	H	20 871	23 512	38 129	25 612	41 894	42 317	43 400	45 105
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	2 972	4 204	3 545	3 969	4 118	4 518	5 025	6 133
	To promote social development in the municipal area	J	1 668	1 748	2 050	2 476	2 419	2 916	3 060	3 327
	To ensure sound management of the urban and rural environment	K	6 435	5 775	5 805	8 676	8 154	8 313	7 733	8 152
	To provide effective and sustainable housing delivery and management	M	1 124	1 361	1 497	1 786	1 665	1 365	1 417	1 491
Satisfied, involved and well informed clients	To lead and manage the Corporate Services Department effectively and efficiently	N	8 603	9 153	10 209	11 003	12 369	12 494	12 476	13 439
	To ensure an effective and client orientated municipal administration	O	7 027	8 271	8 305	9 321	9 710	10 643	10 897	11 472
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	29 389	27 871	35 248	43 921	36 914	44 977	47 936	50 992
	To ensure financial viability and sustainability	R	19 266	13 130	36 866	13 752	50 296	14 645	15 337	15 717
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	3 259	3 514	3 908	4 520	4 541	5 403	5 766	6 052
	To ensure effective strategic management	T	387	285	235	275	275	–	–	–
	To ensure proper and up-to-date information communication technology systems and processes	U	5 345	5 370	5 958	7 912	7 830	8 515	9 135	9 944
Total Expenditure			384 416	413 527	478 743	496 232	546 436	565 108	604 354	650 501



**MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	164	166	1 181	914	914	860	860	865
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	85 557	56 684	47 952	58 699	58 968	47 029	71 867	71 373
	To provide an adequate and affordable cleaning services to the municipal area	C	4 749	2 045	4 903	1 456	2 030	15	15	15
	To ensure that council's building infrastructure is sufficient and properly maintained	D	–	459	180	–	200	–	–	–
Increased community safety through traffic policing, by-law enforcement	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	438	451	343	350	350	250	350	350
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	11 152	16 180	10 933	9 820	9 549	6 260	7 000	7 800
	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	1 219	884	47	40	753	290	165	1 615
	Provision of an effective and pro-active fire-fighting and disaster management service	H	595	76	290	660	48	24	24	25
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	47	156	123	154	128	30	30	30
	To promote social development in the municipal area	J	651	553	–	3 100	–	4 650	7 700	7 700
	To ensure sound management of the urban and rural environment	K	–	14	–	–	–	–	–	–
	To provide effective and sustainable housing delivery and management	M	2 075	6 652	16 903	896	28 836	20 550	–	–
Satisfied, involved and well informed clients	To lead and manage the Corporate Services Department effectively and efficiently	N	155	81	23	18	26	15	15	15
	To ensure an effective and client orientated municipal administration	O	196	1 428	380	1 790	1 804	10 965	3 230	30
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	36	29	418	30	30	315	15	15
	To ensure financial viability and sustainability	R	–	116	471	1 014	1 714	605	705	1 005
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	49	22	1	20	20	5	5	5
	To ensure effective strategic management	T	–	–	–	–	–	–	–	–
	To ensure proper and up-to-date information communication technology systems and processes	U	766	834	1 305	2 112	2 125	1 032	1 470	790
Total Capital Expenditure			107 848	86 828	85 453	81 074	107 496	92 885	93 451	91 633

**Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.





The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ACCESS TO AFFORDABLE AND RELIABLE MUNICIPAL INFRASTRUCTURE</b>									
To lead and manage the Civil Engineering Services Department effectively and efficiently	Completion of projects	164	166	1 181	914	914	860	860	865
To provide adequate, affordable and well maintained civil engineering services to the municipal area	Completion of projects	85 557	56 684	47 952	58 699	58 968	47 029	71 867	71 373
To provide an adequate and affordable cleaning services to the municipal area	Completion of projects	4 749	2 045	4 903	1 456	2 030	15	15	15
To ensure that council's building infrastructure is sufficient and properly maintained	Completion of projects	–	459	180	–	200	–	–	–
To lead and manage the Electrical Engineering Services Department effectively and efficiently	Completion of projects	438	451	343	350	350	250	350	350
To provide adequate, affordable, safe and well maintained electricity to the municipal area	Completion of projects	11 152	16 180	10 933	9 820	9 549	6 260	7 000	7 800
<b>INCREASED COMMUNITY SAFETY THROUGH TRAFFIC POLICING, BY-LAW ENFORCEMENT</b>									
To promote and maintain a safe environment - Provision of a traffic and law enforcement service	Completion of projects	1 219	884	47	40	753	290	165	1 615
Provision of an effective and proactive fire-fighting and disaster management service	Completion of projects	595	76	290	660	48	24	24	25
<b>SUSTAINABLE DEVELOPMENT OF THE MUNICIPAL AREA</b>									
To lead and manage the Development Services Department effectively and efficiently	Completion of projects	47	156	123	154	128	30	30	30
To promote social development in the municipal area	Completion of projects	651	553	–	3 100	–	4 650	7 700	7 700
To ensure sound management of the urban and rural environment	Completion of projects	–	14	–	–	–	–	–	–
To provide effective and sustainable housing delivery and management	Completion of projects	2 075	6 652	16 903	896	28 836	20 550	–	–



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Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>SATISFIED, INVOLVED AND WELL INFORMED CLIENTS</b>									
To lead and manage the Corporate Services Department effectively and efficiently	Completion of projects	155	81	23	18	26	15	15	15
To ensure an effective and client orientated municipal administration	Completion of projects	196	1 428	380	1 790	1 804	10 955	3 230	30
<b>A FINANCIAL SUSTAINABLE MUNICIPALITY WITH WELL MAINTAINED ASSETS</b>									
To lead and manage the Financial Services Department effectively and efficiently	Completion of projects	36	29	418	30	30	315	15	15
To ensure financial viability and sustainability	Completion of projects	–	116	471	1 014	1 714	605	705	1 005
<b>AN AGILE, INTEGRATED, STABLE AND CORRUPTION FREE ORGANISATION</b>									
To ensure an economical, effective, efficient and accountable organisation	Completion of projects	49	22	1	20	20	5	5	5
To ensure effective strategic management	Completion of projects	–	–	–	–	–	–	–	–
To ensure proper and up-to-date information communication technology systems and processes	Completion of projects	766	834	1 305	2 112	2 125	1 032	1 470	790



The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF. (Derived from the National Treasury formats)

**MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Borrowing Management</u></b>									
Credit Rating		A3	A3	A3	A3	A3	A3	A3	A3
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.9%	3.7%	4.3%	3.7%	3.4%	4.6%	4.3%	4.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.5%	4.4%	5.2%	4.8%	4.7%	6.0%	5.5%	5.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	115.9%	0.1%	0.0%	0.0%	0.0%	21.6%	40.9%	54.7%
<b><u>Safety of Capital</u></b>									
Gearing	Long Term Borrowing/ Funds & Reserves	132.2%	155.3%	157.7%	153.1%	153.1%	154.7%	168.2%	186.6%
<b><u>Liquidity</u></b>									
Current Ratio	Current assets/current liabilities	4.2	4.1	3.8	2.5	3.1	2.5	2.1	2.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.2	4.1	3.8	2.5	3.1	2.5	2.1	2.0
Liquidity Ratio	Monetary Assets/Current Liabilities	3.4	3.2	3.0	1.8	2.3	1.8	1.6	1.6
<b><u>Revenue Management</u></b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.8%	99.3%	99.3%	95.2%	93.1%	91.5%	91.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.7%	99.3%	99.2%	95.2%	93.1%	91.5%	91.8%	92.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.4%	12.6%	12.5%	14.4%	11.8%	11.5%	10.7%	10.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



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## 2015/16 Annual Budget and MTREF

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Creditors Management</b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		19.2%	21.4%	25.7%	30.7%	31.0%	32.2%	30.7%	26.7%
<b>Other Indicators</b>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	12 754 232	10 753 638	10 395 811	10 649 590	10 649 590	10 649 590	10 649 590	10 649 590
	Total Cost of Losses (Rand '000)	—	—	—	—	—	—	—	—
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.90%	5.85%	5.71%	5.81%	5.81%	5.81%	5.81%	5.81%
Water Distribution Losses (2)	Total Volume Losses (k€)	823 550	949 451	660 621	787 303	787 303	787 303	787 303	787 303
	Total Cost of Losses (Rand '000)	R 5 995 444	R 7 776 004	R 5 734 190	R 7 314 044	R 7 314 044	R 7 314 044	R 7 314 044	R 7 314 044
	% Volume (units purchased and generated less units sold)/units purchased and generated	14.94%	17.24%	12.13%	15.36%	15.36%	15.36%	15.36%	15.36%
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.5%	32.5%	28.2%	32.2%	30.2%	31.5%	30.0%	29.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.4%	34.3%	29.9%	34.1%	32.0%	33.5%	31.9%	31.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.4%	4.1%	3.7%	4.6%	4.4%	4.1%	4.0%	3.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.5%	21.6%	18.7%	20.9%	19.0%	19.9%	19.3%	17.7%
<b>IDP regulation financial viability indicators</b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.5	19.0	26.1	28.0	28.0	29.2	32.6	35.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.0%	15.8%	17.5%	17.9%	16.8%	15.2%	13.9%	12.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	8.5	7.7	5.8	5.6	5.0	5.2	5.9

### Performance indicators and benchmarks

#### 2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

#### 2.2.1.2 *Safety of Capital*

- The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.2.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.
- The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 2.2.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

#### 2.2.1.5 *Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.2.1.6 *Other Indicators*

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Repairs and maintenance as percentage of operating revenue is constant at approximately 4 per cent over the MTREF which is considered to be very low.



## 2.3 Overview of budget related-policies

Councillors will know that the municipality is in process of reviewing selected policies and by-laws to ensure, inter alia, that:

- the owners of properties and not tenants, be held responsible and accountable for municipal rates, services fees, levies, by-law offences and the recovery of fines;
- the municipality is in possession of updated, enforceable, coherent, consolidated and synergistic by-laws allowing no uncertainty as to the respective obligations of the public and the municipality and which allow effective law enforcement;
- credit control and law enforcement measures are synchronized;
- double administration and administration costs are eliminated;
- true indigents are dealt with effectively.

The following process will be followed in order to adhere to the requirements of the Constitution, namely –

- First, a by-law must have the support of the majority of all the councillors;
- Second, the community must have enjoyed the opportunity to have its say with regard to that by-law.

The making of a by-law entails the following steps:

		<i>Proposed timeframes</i>
<b>Step 1</b>	<i>A draft by-law is prepared by a councillor or a Committee of the council and must be introduced in the council.</i>	<i>Part of tender process</i>
<b>Step 2</b>	<i>The council must consult with the community with regard to the draft by-law. It must at least publish the by-law for comment by the public.</i>  <i>Note: the municipality may use the ward committees to discuss the merits of a draft by-law.</i>	<i>Placement of media advertisement and period for comment during April.</i>
<b>Step 3</b>	<i>The by-law is introduced in and debated by the council. Before passing a by-law, a council that has an executive committee or executive mayor, must first require that committee or mayor to give a report and recommendation on the by-law.</i>	<i>To be tabled in Council at end of May.</i>
<b>Step 4</b>	<i>The Municipal council votes on the by-law, which – in terms of the Constitution – is to be carried by the majority of all councillors.</i>	<i>Council meeting at end of May.</i>
<b>Step 5</b>	<i>If passed by council, the by-law is published in the Provincial Gazette and becomes law on that date or a later date set in the by-law.</i>	<i>Effective from 1 July.</i>



The following financial by-laws are included in the budget documents and will be made available to the community. A notice in this regard will further be published in the local press, and the draft by-laws will be made available at strategic municipal offices, as well as on the website:

- Credit Control and Debt Collection by-law
- Tariff by-law
- Property Rates by-law.

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.3.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings.

### **2.3.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Funding and Reserve, Debt and Borrowing are currently in draft format and will be approved in May 2015.

### **2.3.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and any revisions will be approved in May 2015.

### **2.3.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009. The policy is reviewed annually and any revisions will be approved in May 2015.

### **2.3.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy were amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of 4 at all times, which is well above the norm in local government.

### **2.3.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

The municipality is currently in process of finalising the One-Account Policy.

### **2.3.7 Long Term Financial Plan Policy**

The municipality is currently in process to develop and approve a Long Term Financial Plan Policy. The main objective of this policy is to establish and document a structured approach to be followed when compiling a long term financial plan. The long term plan must ensure that the municipality remains financially viable for the foreseeable future while also ensuring that current and future service delivery needs of the community are met.

All the above policies are available on the Municipality's website.



## 2.4 Overview of budget assumptions

### 2.4.1 External factors

After the publication of the Census 2011 data, it was revealed that the Swartland Municipality is listed as one of the top ten in terms of population growth. This, coupled with the high unemployment rate in South Africa could place enormous pressure on the revenue stream and especially the recovery rate of debtors. The recovery rate is currently 95 per cent.

### 2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2015/16 MTREF.

Fiscal year	2014 Actual	2015 Estimate	2016	2017 Forecast	2018
Real GDP growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8	5.6	4.8	5.9	5.6

Source: Budget Review 2015

### 2.4.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. The current electricity crisis in South Africa is a large contributing factor to this pressure, as the uncertainties surrounding the supply of electricity is negatively impacting on any possible growth opportunities.

#### Interest rates for borrowing and investment of funds

On 30 January 2014 the South African Reserve Bank increased its lending rate by 50 basis points. On 18 July 2014 the lending rate was increased by a further 25 basis points. The inflation rate is currently within the target range of the South African Reserve Bank (3 % – 6 %) and it is not expected that interest will go up any further in the near future. The low inflation rate is mainly the result of a decline in oil prices in recent months.

### 2.4.4 Collection rate for revenue services

The base assumption is that tariff and rate increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

#### **2.4.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.4.6 Salary increases**

The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

#### **2.4.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.



## 2.4.8 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

## 2.5 Overview of budget funding

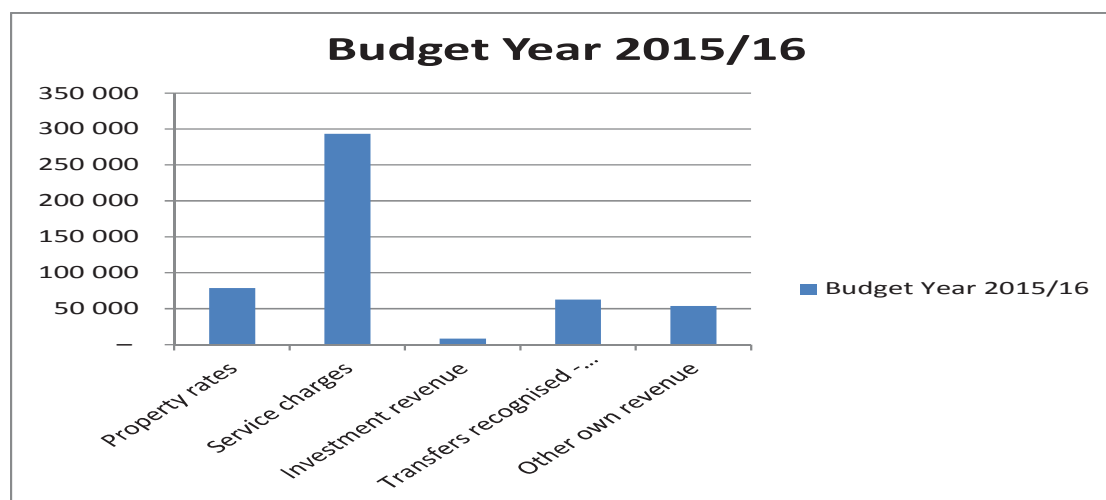
### 2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>								
Property rates	60 261	67 274	70 551	75 594	73 866	78 939	86 642	94 725
Service charges	210 663	237 430	250 967	270 896	259 826	293 191	326 931	365 090
Investment revenue	10 609	9 917	12 934	9 894	9 894	8 300	7 300	6 300
Transfers recognised - operational	39 749	40 483	66 152	53 427	89 723	62 706	69 897	78 953
Other own revenue	29 235	31 635	55 242	26 325	47 565	53 601	53 355	54 145
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>350 517</b>	<b>386 739</b>	<b>455 845</b>	<b>436 136</b>	<b>480 874</b>	<b>496 737</b>	<b>544 124</b>	<b>599 213</b>

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

### Breakdown of operating revenue over the 2015/16 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

#### **MBRR SA15 – Detail Investment Information**

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

#### **MBRR SA16 – Investment particulars by maturity**

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

### **2.5.2 Cash Flow Management**

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).



**MBRR Table A7 - Budget cash flow statement**

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties & collection charges	60 261	67 274	70 551	75 594	73 866	74 992	82 310	89 989
Service charges	210 663	237 430	250 967	270 896	259 826	278 531	310 584	346 836
Other revenue	28 466	27 835	51 810	8 215	20 975	35 757	35 404	36 085
Government - operating	39 749	38 924	64 638	53 427	89 620	62 706	69 897	78 953
Government - capital	16 819	24 567	37 053	53 105	53 119	66 939	67 657	76 053
Interest	10 609	9 917	12 934	11 165	9 894	9 607	8 653	7 702
<b>Payments</b>								
Suppliers and employees	(300 947)	(313 247)	(367 934)	(378 050)	(414 882)	(423 881)	(452 180)	(494 663)
Finance charges	(5 255)	(8 486)	(15 107)	(14 644)	(14 644)	(20 199)	(19 726)	(19 254)
Transfers and Grants	(1 231)	(1 293)	(1 975)	(2 083)	(2 083)	(2 137)	(2 137)	(2 137)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>59 136</b>	<b>82 922</b>	<b>102 937</b>	<b>77 624</b>	<b>75 691</b>	<b>82 316</b>	<b>100 462</b>	<b>119 563</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	1 446	1 550	540	200	200	1 700	200	200
Decrease (increase) in non-current debtors	-	-	-	-	-	24	24	24
Decrease (increase) other non-current receivables	24	60	168	24	21	-	-	-
Decrease (increase) in non-current investments	71 841	-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(108 396)	(86 828)	(85 453)	(81 074)	(107 496)	(92 885)	(93 451)	(91 633)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(35 086)</b>	<b>(85 218)</b>	<b>(84 744)</b>	<b>(80 850)</b>	<b>(107 275)</b>	<b>(91 162)</b>	<b>(93 228)</b>	<b>(91 410)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	105 478	82	-	-	-	8 500	18 500	23 500
Increase (decrease) in consumer deposits	-	-	-	505	478	591	632	676
<b>Payments</b>								
Repayment of borrowing	(5 720)	(6 868)	(5 326)	(3 752)	(3 766)	(5 748)	(6 228)	(6 860)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>99 758</b>	<b>(6 785)</b>	<b>(5 326)</b>	<b>(3 247)</b>	<b>(3 288)</b>	<b>3 343</b>	<b>12 904</b>	<b>17 316</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>123 808</b>	<b>(9 082)</b>	<b>12 866</b>	<b>(6 474)</b>	<b>(34 872)</b>	<b>(5 503)</b>	<b>20 139</b>	<b>45 470</b>
Cash/cash equivalents at the year begin:	95 403	219 211	210 129	184 454	222 995	188 123	182 619	202 758
Cash/cash equivalents at the year end:	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228



### 2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228
<b>Cash and investments available:</b>	<b>219 211</b>	<b>210 129</b>	<b>222 995</b>	<b>177 980</b>	<b>188 123</b>	<b>182 619</b>	<b>202 758</b>	<b>248 228</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	4 592	2 430	102	27 106	4 599	19 554	39 024	66 424
Other working capital requirements	(4 687)	(3 642)	776	(5 149)	5 616	6 390	8 916	11 193
Reserves to be backed by cash/investments	110 937	91 125	87 256	422	87 256	87 256	87 256	87 256
<b>Total Application of cash and investments:</b>	<b>110 841</b>	<b>89 912</b>	<b>88 134</b>	<b>22 378</b>	<b>97 471</b>	<b>113 200</b>	<b>135 197</b>	<b>164 873</b>
<b>Surplus(shortfall)</b>	<b>108 369</b>	<b>120 217</b>	<b>134 861</b>	<b>155 602</b>	<b>90 651</b>	<b>69 419</b>	<b>67 562</b>	<b>83 355</b>

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.



- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.
- The Capital Replacement Reserve that needs to be cash-backed.

## 2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

### MBRR SA10 – Funding compliance measurement

Description	MFMA section	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>									
Cash/cash equivalents at the year end - R'000	18(1)b	219 211	210 129	222 995	177 980	188 123	182 619	202 758	248 228
Cash + investments at the yr end less applications - R'000	18(1)b	108 369	120 217	134 861	155 602	90 651	69 419	67 562	83 355
Cash year end/monthly employee/supplier payments	18(1)b	9.7	8.5	7.7	5.8	5.6	5.0	5.2	5.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(17 079)	(2 167)	20 358	(30 930)	(15 543)	(14 887)	(12 043)	(2 635)
Service charge rev % change - macro CPIx target exclusive	18(1)a,(2)	N.A.	6.5%	(0.5%)	1.8%	(9.7%)	5.5%	5.1%	5.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	99.7%	99.3%	99.2%	95.2%	93.1%	91.5%	91.8%	92.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.5%	0.4%	5.9%	3.5%	8.4%	9.2%	8.7%	8.2%
Capital payments % of capital expenditure	18(1)c;19	100.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	115.9%	0.1%	0.0%	0.0%	0.0%	20.8%	40.9%	54.7%
Grants % of Gov.t. legislated/gazetted allocations	18(1)a						88.5%	85.8%	82.3%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	4.4%	17.2%	10.1%	(9.6%)	1.0%	1.7%	2.9%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(13.3%)	(41.5%)	50.8%	(40.4%)	(11.2%)	(12.7%)	(14.5%)
R&M % of Property Plant & Equipment	20(1)(vi)	0.9%	0.9%	1.0%	1.1%	1.2%	1.1%	1.2%	1.3%
Asset renewal % of capital budget	20(1)(vi)	100.0%	87.3%	65.6%	80.5%	61.0%	42.2%	49.1%	45.7%

#### 2.5.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

#### *2.5.4.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

#### *2.5.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of 4.

#### *2.5.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.





#### *2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined when compared to actual results in 2013/2014. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has also incorporated the impact of the revised iGRAP1 on fines.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### *2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

#### *2.5.4.10 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

#### *2.5.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.



*2.5.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.



## 2.6 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

Description	Final Budget	2015/16 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>				
<b>EXPENDITURE:</b>				
<b><u>Operating expenditure of Transfers and Grants</u></b>				
<b>National Government:</b>	<b>46 690</b>	<b>55 337</b>	<b>62 780</b>	<b>71 345</b>
Local Government Equitable Share	43 093	51 772	60 348	68 762
Municipal Systems Improvement	934	930	957	1 033
Finance Management	1 450	1 450	1 475	1 550
EPWP Incentive	1 213	1 185	–	–
<b>Provincial Government:</b>	<b>42 661</b>	<b>7 369</b>	<b>7 117</b>	<b>7 608</b>
Community Development: Workers	59	36	38	40
Housing	35 465	–	–	–
Libraries	5 305	6 185	7 007	7 427
Proclaimed Roads Subsidy	1 060	1 148	–	–
Housing Consumer Education Grant	19	–	–	–
Financial Management Support Grant	531	–	–	–
Ilinge Lethu Centre	222	–	72	141
<b>Other grant providers:</b>	<b>371</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cleanest Town	20	–	–	–
Disaster Fund	352	–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>	<b>89 723</b>	<b>62 706</b>	<b>69 897</b>	<b>78 953</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>				
<b>National Government:</b>	<b>23 918</b>	<b>20 709</b>	<b>21 387</b>	<b>22 403</b>
Municipal Infrastructure Grant (MIG)	19 918	20 709	21 387	22 403
Energy Efficiency and Demand Side Management Grant	4 000	–	–	–
<b>Provincial Government:</b>	<b>24 602</b>	<b>31 275</b>	<b>26 800</b>	<b>26 250</b>
Proclaimed Roads Subsidy	–	8 800	11 100	11 550
Human Settlements	23 940	18 550	7 700	7 700
RSEP/VPUU Municipal Projects	–	1 500	5 000	7 000
Sport and Recreation	150	–	–	–
Libraries	512	2 425	3 000	–
<b>Total capital expenditure of Transfers and Grants</b>	<b>48 520</b>	<b>51 984</b>	<b>48 187</b>	<b>48 653</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>138 242</b>	<b>114 690</b>	<b>118 084</b>	<b>127 606</b>



### MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Adjusted Budget	2015/16 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>				
<b>Operating transfers and grants:</b>				
<b>National Government:</b>				
Balance unspent at beginning of the year	—	—	—	—
Current year receipts	46 690	55 337	62 780	71 345
<b>Conditions met - transferred to revenue</b>	<b>46 690</b>	<b>55 337</b>	<b>62 780</b>	<b>71 345</b>
Conditions still to be met - transferred to liabilities	—	—	—	—
<b>Provincial Government:</b>				
Balance unspent at beginning of the year	40	—	—	—
Current year receipts	42 621	7 369	7 117	7 608
<b>Conditions met - transferred to revenue</b>	<b>42 661</b>	<b>7 369</b>	<b>7 117</b>	<b>7 608</b>
Conditions still to be met - transferred to liabilities	—	—	—	—
<b>Other grant providers:</b>				
Balance unspent at beginning of the year	62	—	—	—
Current year receipts	309	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>371</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—	—
<b>Total operating transfers and grants revenue</b>	<b>89 723</b>	<b>62 706</b>	<b>69 897</b>	<b>78 953</b>
<b>Total operating transfers and grants - CTBM</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Capital transfers and grants:</b>				
<b>National Government:</b>				
Balance unspent at beginning of the year	—	—	—	—
Current year receipts	23 918	20 709	21 387	22 403
Transfer to/from Debtors	—	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>23 918</b>	<b>20 709</b>	<b>21 387</b>	<b>22 403</b>
Conditions still to be met - transferred to liabilities	—	—	—	—
<b>Provincial Government:</b>				
Balance unspent at beginning of the year	—	4 599	19 554	39 024
Current year receipts	29 201	46 230	46 270	53 650
Transfer to/from Debtors	—	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>24 602</b>	<b>31 275</b>	<b>26 800</b>	<b>26 250</b>
Conditions still to be met - transferred to liabilities	4 599	19 554	39 024	66 424
<b>Total capital transfers and grants revenue</b>	<b>48 520</b>	<b>51 984</b>	<b>48 187</b>	<b>48 653</b>
<b>Total capital transfers and grants - CTBM</b>	<b>4 599</b>	<b>19 554</b>	<b>39 024</b>	<b>66 424</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>138 242</b>	<b>114 690</b>	<b>118 084</b>	<b>127 606</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>4 599</b>	<b>19 554</b>	<b>39 024</b>	<b>66 424</b>



## 2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash Transfers to Organisations</b>								
<i>Darling Focus</i>	40	40	–	40	40	40	40	40
<i>Darling Renosterveld en Groenkloof</i>	–	–	–	10	10	20	20	20
<i>Donation: Huis van Heerde</i>	25	25	25	25	25	25	25	25
<i>Donation: SPCA</i>	169	169	169	169	169	169	169	169
<i>ECD Centres</i>	40	–	40	40	40	40	40	40
<i>Elkana Child Care</i>	45	45	45	45	45	45	45	45
<i>Multipurpose Centre: Illinge Lethu</i>	42	38	40	40	40	–	–	–
<i>Multipurpose Centre: Kalbaskraal</i>	4	26	29	30	30	30	30	30
<i>Multipurpose Centre: Moorreesburg</i>	–	40	40	40	40	40	40	40
<i>Museum - Malmesbury</i>	41	45	45	45	45	45	45	45
<i>Museum: Darling</i>	41	45	45	45	45	45	45	45
<i>Museum: Oude Kerk</i>	41	45	45	45	45	45	45	45
<i>Museum: Wheat Industry</i>	41	45	45	45	45	45	45	45
<i>Night Shelter</i>	25	25	25	25	25	25	25	25
<i>Old Age Homes</i>	–	–	676	680	680	680	680	680
<i>Ons Kan Training Centre</i>	20	20	20	20	20	20	20	20
<i>Paardeberg</i>	–	–	–	25	25	–	–	–
<i>Yzerfontein Conservancy</i>	50	50	50	50	50	65	65	65
<i>National Sea Rescue Institute (NSRI)</i>	30	–	–	30	30	30	30	30
<i>Tourism: Swartland Coast</i>	576	634	634	634	634	697	697	697
<b>Total Cash Transfers To Organisations</b>	<b>1 231</b>	<b>1 293</b>	<b>1 975</b>	<b>2 083</b>	<b>2 083</b>	<b>2 137</b>	<b>2 137</b>	<b>2 137</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>1 231</b>	<b>1 293</b>	<b>1 975</b>	<b>2 083</b>	<b>2 083</b>	<b>2 137</b>	<b>2 137</b>	<b>2 137</b>



## 2.8 Councilor and employee benefits

### MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration  R thousand	2011/12	2012/13	2013/14	2015/16 Medium Term Revenue & Expenditure Framework				
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages	3 869	3 919	4 793	5 108	5 108	6 116	6 481	6 446
Pension and UIF Contributions	582	588	720	761	761	915	920	975
Medical Aid Contributions	395	334	218	238	238	284	301	319
Motor Vehicle Allowance	1 456	1 533	1 495	1 796	1 796	1 746	1 850	1 961
Cellphone Allowance	317	329	478	385	547	547	580	615
<b>Sub Total - Councillors</b>	<b>6 619</b>	<b>6 703</b>	<b>7 703</b>	<b>8 288</b>	<b>8 450</b>	<b>9 608</b>	<b>10 132</b>	<b>10 316</b>
<b>% increase</b>		<b>1.3%</b>	<b>14.9%</b>	<b>7.6%</b>	<b>2.0%</b>	<b>13.7%</b>	<b>5.5%</b>	<b>1.8%</b>
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	4 001	4 723	5 060	5 082	5 082	5 602	6 062	6 541
Pension and UIF Contributions	720	845	973	1 151	1 151	1 265	1 341	1 420
Medical Aid Contributions	280	329	272	283	283	310	338	368
Motor Vehicle Allowance	900	1 080	1 046	949	949	851	902	956
Other benefits and allowances	453	196	188	436	436	583	458	486
Long service awards	–	212	69	58	58	–	267	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 354</b>	<b>7 385</b>	<b>7 609</b>	<b>7 957</b>	<b>7 957</b>	<b>8 611</b>	<b>9 367</b>	<b>9 771</b>
<b>% increase</b>		<b>16.2%</b>	<b>3.0%</b>	<b>4.6%</b>	<b>–</b>	<b>8.2%</b>	<b>8.8%</b>	<b>4.3%</b>
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	66 509	71 410	76 774	87 397	86 347	93 467	101 049	109 563
Pension and UIF Contributions	10 761	11 621	12 293	13 791	13 602	15 105	15 963	16 850
Medical Aid Contributions	4 747	5 071	5 525	6 218	6 201	6 945	7 551	8 231
Overtime	3 910	4 214	4 465	4 562	4 562	4 486	5 093	5 088
Motor Vehicle Allowance	5 686	5 248	5 770	6 136	6 023	7 378	7 891	8 194
Housing Allowances	473	441	413	407	407	700	754	799
Other benefits and allowances	4 779	5 960	6 056	7 005	7 590	6 117	6 629	7 013
Payments in lieu of leave	1 236	602	1 465	1 478	1 478	1 217	1 302	1 393
Long service awards	1 289	2 911	947	703	1 505	1 814	1 031	1 243
Post-retirement benefit obligations	4 791	10 957	7 348	4 910	9 607	10 866	6 629	7 278
<b>Sub Total - Other Municipal Staff</b>	<b>104 181</b>	<b>118 435</b>	<b>121 056</b>	<b>132 609</b>	<b>137 322</b>	<b>148 095</b>	<b>153 893</b>	<b>165 653</b>
<b>% increase</b>		<b>13.7%</b>	<b>2.2%</b>	<b>9.5%</b>	<b>3.6%</b>	<b>7.8%</b>	<b>3.9%</b>	<b>7.6%</b>
<b>Total Parent Municipality</b>	<b>117 154</b>	<b>132 523</b>	<b>136 368</b>	<b>148 853</b>	<b>153 729</b>	<b>166 314</b>	<b>173 392</b>	<b>185 740</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>13.1%</b>	<b>2.9%</b>	<b>9.2%</b>	<b>3.3%</b>	<b>8.2%</b>	<b>4.3%</b>	<b>7.1%</b>
<b>% increase</b>	<b>117 154</b>	<b>132 523</b>	<b>136 368</b>	<b>148 853</b>	<b>153 729</b>	<b>166 314</b>	<b>173 392</b>	<b>185 740</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>110 535</b>	<b>125 820</b>	<b>128 665</b>	<b>140 566</b>	<b>145 279</b>	<b>156 706</b>	<b>163 260</b>	<b>175 424</b>



**MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b><u>Councillors</u></b>						
Speaker	385 610	94 655	190 881			671 145
Chief Whip	–	–	–			–
Executive Mayor	516 758	89 211	234 177			840 146
Deputy Executive Mayor	417 622	62 643	190 833			671 097
Executive Committee	1 616 131	278 629	572 088			2 466 847
Total for all other councillors	3 145 414	596 199	1 216 872			4 958 484
<b>Total Councillors</b>	<b>6 081 534</b>	<b>1 121 337</b>	<b>2 404 850</b>			<b>9 607 720</b>
<b><u>Senior Managers of the Municipality</u></b>						
Municipal Manager (MM)	1 067 994	466 679	174 000	–		1 708 674
Chief Finance Officer	753 514	338 124	144 000	–		1 235 638
Director: Corporate Services	781 279	208 544	74 177	–		1 064 000
Director: Development Services	740 574	270 690	134 000	–		1 145 264
Director: Civil Services	821 738	214 283	98 945	–		1 134 966
Director: Electrical Services	732 498	285 503	144 000	–		1 162 001
Director: Protection Services	704 773	276 723	179 453	–		1 160 948
<b>Total Senior Managers of the Municipality</b>	<b>5 602 371</b>	<b>2 060 546</b>	<b>948 574</b>	<b>–</b>		<b>8 611 491</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>11 683 904</b>	<b>3 181 882</b>	<b>3 353 424</b>	<b>–</b>		<b>18 219 211</b>



## MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	23	7	16	23	7	16	23	7	16
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	7	–	7	7	–	7	7	–
Other Managers	–	–	–	–	–	–	–	–	–
Professionals	24	23	–	24	24	–	24	24	–
<i>Finance</i>	5	4	–	5	5	–	5	5	–
<i>Spatial/town planning</i>	4	4	–	4	4	–	4	4	–
<i>Information Technology</i>	2	2	–	2	2	–	2	2	–
<i>Roads</i>	–	–	–	–	–	–	–	–	–
<i>Electricity</i>	2	2	–	2	2	–	2	2	–
<i>Water</i>	1	1	–	1	1	–	1	1	–
<i>Sanitation</i>	–	–	–	–	–	–	–	–	–
<i>Refuse</i>	1	1	–	1	1	–	1	1	–
<i>Other</i>	9	9	–	9	9	–	9	9	–
Technicians	32	31	–	31	30	–	31	31	–
<i>Finance</i>	–	–	–	–	–	–	–	–	–
<i>Spatial/town planning</i>	5	5	–	4	4	–	4	4	–
<i>Information Technology</i>	2	2	–	2	2	–	2	2	–
<i>Roads</i>	2	2	–	2	2	–	2	2	–
<i>Electricity</i>	5	5	–	5	5	–	5	5	–
<i>Water</i>	3	3	–	3	3	–	3	3	–
<i>Sanitation</i>	2	2	–	2	2	–	2	2	–
<i>Refuse</i>	2	2	–	2	2	–	2	2	–
<i>Other</i>	11	10	–	11	10	–	11	11	–
Clerks (Clerical and administrative)	112	106	–	112	106	–	109	109	–
Service and sales workers	69	64	–	66	62	–	62	62	–
Skilled agricultural and fishery workers	1	1	–	1	1	–	1	1	–
Craft and related trades	32	31	–	32	30	–	32	32	–
Plant and Machine Operators	42	41	–	42	41	–	42	42	–
Elementary Occupations	242	225	–	239	213	–	235	225	–
<b>TOTAL PERSONNEL NUMBERS</b>	<b>584</b>	<b>536</b>	<b>16</b>	<b>577</b>	<b>521</b>	<b>16</b>	<b>566</b>	<b>540</b>	<b>16</b>
<b>% increase</b>				(1.2%)	(2.8%)	–	(1.9%)	3.6%	–
<b>Total municipal employees headcount</b>	<b>584</b>	<b>536</b>	<b>16</b>	<b>577</b>	<b>521</b>	<b>16</b>	<b>566</b>	<b>540</b>	<b>16</b>
Finance personnel headcount	73	68	–	72	66	–	70	70	–
Human Resources personnel headcount	5	5	–	5	5	–	5	5	–

## 2.9 Monthly targets for revenue, expenditure and cash flow





Swartland Municipality

2015/16 Annual Budget and MTREF

## MBRR SA25 - Budgeted monthly revenue and expenditure

Description		Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue By Source																
	Property rates	13 012	9 866	6 182	6 278	6 965	6 040	6 089	5 946	5 903	5 857	5 855	945	78 939	86 642	94 725
	Service charges - electricity revenue	16 985	18 267	17 130	15 717	16 245	16 622	16 051	15 948	15 741	15 692	16 177	28 248	208 823	234 577	262 810
	Service charges - water revenue	2 218	1 900	1 742	1 906	2 871	2 924	3 971	4 111	3 777	3 150	2 681	10 369	41 620	46 113	54 164
	Service charges - sanitation revenue	6 865	87	1 256	1 539	1 764	1 593	1 561	1 471	1 485	1 506	1 491	4 520	25 137	27 615	28 807
	Service charges - refuse revenue	1 973	1 414	1 403	1 422	1 481	1 409	1 417	1 412	1 411	1 405	1 407	1 455	17 610	18 625	19 309
	Rental of facilities and equipment	195	140	265	734	373	205	348	290	339	252	131	76	3 349	3 519	3 697
	Interest earned - external investments	67	79	0	45	45	23	1 877	14	16	23	12	6 100	8 300	7 300	6 300
	Interest earned - outstanding debtors	96	95	91	129	127	115	126	123	120	123	120	111	1 376	1 425	1 476
	Fines	1 771	1 841	2 034	2 148	2 210	2 190	2 276	2 297	2 196	2 273	2 214	2 284	25 735	25 836	25 936
	Licences and permits	313	279	262	304	269	216	298	272	266	250	270	276	3 273	3 323	3 373
	Agency services	232	205	229	256	242	225	270	214	237	221	240	227	2 799	2 939	3 086
	Transfers recognised - operational	13 219	1 444	-	2 165	22 394	-	2 165	-	18 780	-	874	1 665	62 706	69 897	78 953
	Other revenue	972	1 427	1 193	1 179	1 467	1 619	1 326	1 382	1 331	1 139	1 333	2 500	16 868	16 114	16 377
	Gains on disposal of PPE	2	-	-	5	-	167	26	-	-	-	0	-	200	200	200
Total Revenue (excluding capital transfers and contributions)		57 920	37 044	31 787	33 829	56 451	33 348	37 802	33 480	51 602	31 891	32 805	58 777	496 737	544 124	599 213
Expenditure By Type																
	Employee related costs	11 696	12 635	12 816	12 803	18 770	12 708	12 808	10 642	11 535	13 180	12 086	15 028	156 706	163 260	175 424
	Remuneration of councillors	693	753	723	723	723	723	723	1 333	802	802	784	747	9 530	10 050	10 229
	Debt impairment	2 865	2 865	2 865	2 865	2 865	2 865	2 865	2 865	2 865	2 865	2 865	2 865	34 381	36 110	37 777
	Depreciation & asset impairment	6 573	6 573	6 573	6 573	6 573	6 573	6 573	6 573	6 573	6 573	6 573	6 573	78 876	85 108	86 892
	Finance charges	2	2	10	3	9	10 100	5	4	4	4	4	10 052	20 199	19 726	19 254
	Bulk purchases	3 823	19 741	23 407	18 303	11 838	14 961	16 772	15 999	15 332	12 449	14 818	19 874	187 316	210 357	236 403
	Contracted services	243	265	298	365	264	317	356	298	288	331	296	339	3 660	3 966	4 181
	Transfers and grants	201	366	337	202	226	27	201	72	27	201	32	244	2 137	2 137	2 137
	Other expenditure	2 205	5 282	5 373	6 181	6 280	7 266	5 984	5 595	5 649	6 487	5 689	8 166	70 158	71 390	75 841
	Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	2 144	2 144	2 251	2 364
Total Expenditure		28 302	48 482	52 403	48 017	47 547	55 540	46 287	43 381	43 075	42 891	43 147	66 033	565 108	604 354	650 501
Surplus/(Deficit)		29 618	(11 439)	(20 615)	(14 189)	8 903	(22 192)	(8 486)	(9 901)	8 527	(11 000)	(10 342)	(7 256)	(68 371)	(60 230)	(51 288)
	Transfers recognised - capital	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	10 726	51 984	48 187	48 653
	Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	1 500	1 500	-	-
Surplus/(Deficit)		33 369	(7 688)	(16 864)	(10 438)	12 654	(18 441)	(4 735)	(6 150)	12 278	(7 249)	(6 592)	4 969	(14 887)	(12 043)	(2 635)



Swartland Municipality

2015/16 Annual Budget and MTRF

**MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																
Vote 1 - Corporate Services		576	783	556	576	571	825	603	674	566	558	650	2 991	9 929	11 559	8 843
Vote 2 - Civil Services		16 668	8 385	8 535	8 792	29 963	10 088	11 399	11 269	28 896	10 043	9 444	11 153	164 635	179 905	195 225
Vote 3 - Council		6	0	3	2	1	-	1	0	2	2	4	104	125	125	125
Vote 4 - Electricity Services		18 633	19 485	18 362	16 739	19 381	16 856	17 015	16 911	16 733	16 654	17 292	17 869	211 931	237 890	266 417
Vote 5 - Financial Services		18 897	9 511	7 043	7 139	7 136	7 249	8 979	7 078	7 085	7 091	7 068	13 508	107 784	117 702	130 039
Vote 6 - Development Services		1 388	1 375	1 528	1 971	1 701	1 485	1 593	1 622	1 643	1 487	1 380	5 996	23 168	12 575	12 838
Vote 7 - Municipal Manager		28	28	28	28	28	28	28	28	28	28	28	128	430	430	430
Vote 8 - Protection Services		2 351	2 375	2 557	2 741	2 790	2 664	2 875	2 784	2 733	2 776	2 754	2 818	32 218	32 125	33 949
Total Revenue by Vote		58 547	41 940	38 613	37 990	61 571	39 194	42 492	40 367	57 684	38 638	38 619	54 566	550 221	592 311	647 866
Expenditure by Vote to be appropriated																
Vote 1 - Corporate Services		1 584	1 785	1 778	2 001	2 480	1 817	2 001	1 805	1 771	1 843	1 607	2 665	23 138	23 373	24 911
Vote 2 - Civil Services		11 266	14 644	15 283	15 805	18 318	26 001	16 016	14 552	15 200	17 125	17 558	26 659	208 428	219 579	232 570
Vote 3 - Council		746	2 273	1 182	994	1 124	1 193	845	1 564	1 187	1 321	932	1 284	14 645	15 337	15 717
Vote 4 - Electricity Services		7 289	21 660	25 639	20 409	14 344	17 097	18 171	16 495	15 615	13 344	16 033	20 482	206 577	228 784	252 956
Vote 5 - Financial Services		2 923	3 321	3 551	3 543	4 738	3 919	3 928	4 090	3 541	3 719	3 385	4 320	44 977	47 936	50 992
Vote 6 - Development Services		1 287	1 201	1 306	1 591	1 896	1 456	1 226	1 198	1 531	1 538	1 399	1 484	17 111	17 236	19 103
Vote 7 - Municipal Manager		390	410	396	393	516	392	391	399	450	393	392	882	5 403	5 766	6 052
Vote 8 - Protection Services		2 992	3 364	3 445	3 458	4 309	4 269	3 888	3 457	3 957	3 786	3 767	4 136	44 830	46 342	48 199
Total Expenditure by Vote		28 477	48 658	52 580	48 195	47 725	56 143	46 465	43 559	43 253	43 069	45 072	61 912	565 108	604 354	650 501
Surplus/(Deficit)		30 070	(6 718)	(13 967)	(10 206)	13 846	(16 949)	(3 973)	(3 192)	14 431	(4 431)	(6 452)	(7 346)	(14 887)	(12 043)	(2 635)



Swartland Municipality

2015/16 Annual Budget and MTREF

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

R thousand	Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Revenue - Standard</b>																	
<b>Governance and administration</b>																	
	Executive and council	18 997	9 819	7 146	7 240	7 245	7 596	9 109	7 285	7 214	7 191	7 255	13 808	109 904	119 840	132 265	
	Budget and treasury office	34	28	30	30	28	28	29	28	29	29	31	232	555	555	555	
	Corporate services	18 897	9 511	7 043	7 139	7 136	7 249	8 979	7 078	7 085	7 091	7 068	13 508	107 784	117 702	130 039	
<b>Community and public safety</b>		66	281	73	71	80	320	102	179	99	70	155	69	1 565	1 583	1 672	
	Community and social services	4 081	4 124	4 386	4 995	4 743	4 574	4 764	4 690	4 615	4 617	4 456	12 407	62 453	58 059	54 226	
	Sport and recreation	610	610	572	592	572	586	595	596	590	572	600	7 566	14 060	11 010	8 532	
	Public safety	488	446	565	1 039	709	563	680	611	612	557	410	1 352	8 032	13 270	10 289	
	Housing	1 801	1 884	2 066	2 181	2 279	2 221	2 306	2 299	2 230	2 305	2 244	2 313	26 129	25 846	27 473	
<b>Economic and environmental services</b>		1 183	1 183	1 183	1 183	1 183	1 203	1 183	1 183	1 183	1 183	1 203	1 176	14 233	7 933	7 933	
	Planning and development	2 879	2 776	2 815	2 904	2 883	2 741	2 876	2 867	2 895	2 799	2 815	2 933	34 141	30 713	37 054	
	Road transport	149	119	145	134	198	126	135	209	213	114	131	255	1 929	1 991	2 055	
	Trading services	2 730	2 657	2 670	2 770	2 684	2 615	2 741	2 658	2 682	2 645	2 683	2 677	32 212	28 723	34 999	
	Electricity	32 588	25 220	24 264	22 849	46 699	24 281	25 741	25 523	42 958	24 070	24 092	25 416	343 700	383 475	424 295	
	Water	18 633	19 485	18 362	16 739	19 381	16 856	17 015	16 911	16 733	16 654	17 292	17 869	211 931	237 890	266 417	
	Waste water management	3 149	2 639	2 417	2 640	3 940	3 848	5 316	5 577	11 828	4 233	3 602	2 926	52 114	59 727	64 958	
	Waste management	8 414	1 567	1 964	1 940	21 732	2 048	1 868	1 459	1 637	1 724	1 739	3 176	49 269	53 093	57 676	
	Other	2 392	1 529	1 521	1 530	1 646	1 528	1 543	1 576	12 761	1 459	1 459	1 444	30 387	32 765	35 245	
		2	2	2	2	2	2	2	2	2	2	2	2	22	223	25	
<b>Total Revenue - Standard</b>		58 547	41 940	38 613	37 990	61 571	39 194	42 492	40 367	57 684	38 638	38 619	54 566	550 221	592 311	647 866	
			62 182	57 722	55 485	81 751	56 790	60 265	58 112	75 249	56 007	56 674					
<b>Expenditure - Standard</b>																	
<b>Governance and administration</b>																	
	Executive and council	5 355	7 654	6 871	6 731	8 384	8 029	6 875	7 923	6 868	7 050	6 475	18 294	96 509	101 363	107 010	
	Budget and treasury office	1 136	2 683	1 578	1 387	1 640	1 585	1 235	1 962	1 637	1 714	1 324	2 166	20 048	21 104	21 770	
	Corporate services	2 923	3 321	3 551	3 543	4 738	3 919	3 928	4 090	3 541	3 719	3 385	4 320	44 977	47 936	50 992	
	Community and public safety	1 297	1 650	1 742	1 800	2 006	2 525	1 713	1 870	1 690	1 618	1 766	11 808	31 485	32 323	34 249	
	Community and social services	4 917	5 432	5 685	5 903	7 694	6 734	5 930	5 743	6 123	5 984	5 571	6 214	71 831	74 872	79 959	
	Sport and recreation	1 248	1 244	1 270	1 480	1 909	1 542	1 239	1 197	1 229	1 386	986	1 209	15 939	16 806	18 627	
	Public safety	1 091	1 247	1 349	1 342	2 142	1 360	1 286	1 538	1 368	1 251	1 239	1 345	16 558	17 425	18 868	
	Housing	2 482	2 838	2 901	2 878	3 495	3 727	3 304	2 908	3 426	3 246	3 229	3 534	37 968	39 224	40 973	
	Economic and environmental services	96	103	166	103	148	105	100	99	100	101	117	127	1 365	1 417	1 491	
	Planning and development	4 799	5 270	5 230	5 933	6 947	6 058	5 305	4 708	5 572	5 683	5 970	7 049	68 524	69 158	72 259	
	Road transport	881	937	943	1 148	1 354	1 023	933	268	1 066	1 070	976	1 291	11 889	11 380	11 962	
	Trading services	3 918	4 333	4 287	4 785	5 593	5 035	4 372	4 441	4 507	4 613	4 994	5 758	56 635	57 777	60 297	
	Electricity	13 195	30 265	34 759	29 519	24 646	35 284	28 144	25 149	24 654	24 142	27 018	30 316	327 093	357 802	390 080	
	Water	7 289	21 600	25 639	20 409	14 344	17 097	18 171	16 495	15 615	13 344	16 033	11 967	198 062	219 649	243 012	
	Waste water management	1 957	3 670	3 970	3 916	4 420	7 291	4 407	5 226	4 906	4 906	4 628	6 708	57 885	62 598	68 585	
	Waste management	2 021	2 473	2 574	2 969	2 782	8 516	2 426	2 612	2 573	2 770	4 164	6 708	42 187	45 348	46 214	
	Other	1 928	2 462	2 576	2 625	3 100	2 381	3 141	816	1 493	3 122	2 193	3 121	28 959	30 207	32 268	
		210	37	35	209	54	37	210	36	36	210	38	38	1 151	1 161	1 193	
<b>Total Expenditure - Standard</b>		28 477	48 658	52 580	48 195	47 725	56 143	46 465	43 559	43 253	43 069	45 072	61 912	565 108	604 354	650 501	
<b>Surplus/(Deficit)</b>		30 070	(6 718)	(13 967)	(10 206)	13 846	(16 949)	(3 973)	(3 192)	14 431	(4 431)	(6 452)	(7 346)	(14 887)	(12 043)	(2 635)	



**MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
													Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June				
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>																
Vote 1 - Corporate Services	-	-	-	-	-	200	-	-	-	-	900	900		2 000	3 000	-
Vote 2 - Civil Services	-	300	-	300	-	-	-	300	-	300	3 960	2 200		7 360	27 075	26 928
Vote 3 - Council	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Vote 4 - Electricity Services	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Vote 5 - Financial Services	-	-	200	-	-	-	-	200	-	-	200	-		600	700	1 000
Vote 6 - Development Services	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-	-	-	-		-	75	1 525
<b>Capital multi-year expenditure sub-total</b>	-	300	200	300	-	200	-	500	-	300	5 060	3 100		9 960	30 850	29 453
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Corporate Services	10	20	20	20	10	10	30	10	140	10	185	8 510		8 970	245	45
Vote 2 - Civil Services	580	1 030	2 430	4 840	5 745	2 475	2 026	15 689	3 020	507	-	1 392		39 744	44 867	44 525
Vote 3 - Council	67	67	67	67	67	67	67	67	67	67	67	67		805	805	805
Vote 4 - Electricity Services	115	281	321	521	893	1 521	1 327	1 521	393	321	221	113		7 542	8 820	8 940
Vote 5 - Financial Services	1	1	301	1	1	1	1	1	1	1	1	1		315	15	15
Vote 6 - Development Services	511	2 136	1 811	2 136	2 692	2 242	2 242	2 492	2 242	2 242	2 242	2 242		25 230	7 730	7 730
Vote 7 - Municipal Manager	0	0	0	0	0	0	0	0	0	0	0	0		5	5	5
Vote 8 - Protection Services	10	20	20	20	30	10	30	30	50	20	70	10		314	114	115
<b>Capital single-year expenditure sub-total</b>	1 293	3 554	4 969	7 604	9 437	6 326	5 723	19 819	5 912	3 167	2 785	12 335		82 925	62 601	62 180
<b>Total Capital Expenditure</b>	1 293	3 854	5 169	7 904	9 437	6 526	5 723	20 319	5 912	3 467	7 845	15 435		92 885	93 451	91 633



**MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

R thousand	Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
	<b>Capital Expenditure - Standard</b>																
	<i>Governance and administration</i>	76	86	586	86	76	276	96	276	206	76	1 351	9 476	12 665	4 740	1 840	
	Executive and council	68	68	68	68	68	68	68	68	68	68	68	68	810	810	810	
	Budget and treasury office	1	1	501	1	1	1	1	201	1	1	201	1	915	715	1 015	
	Corporate services	7	17	17	17	7	207	27	7	137	7	1 082	9 407	10 940	3 215	15	
	<b>Community and public safety</b>	603	2 488	1 873	3 268	3 634	2 404	2 284	3 324	2 694	3 001	2 614	2 254	30 441	18 434	16 771	
	Community and social services	13	1 638	1 313	1 638	13	13	13	13	13	13	13	14	4 710	7 760	7 760	
	Sport and recreation	80	330	40	1 110	910	150	10	800	400	737	300	–	4 867	10 485	7 371	
	Public safety	10	20	20	20	30	10	30	30	50	20	70	10	314	189	1 640	
	Housing	500	500	500	500	2 681	2 231	2 231	2 481	2 231	2 231	2 231	2 231	20 550	–	–	
	<b>Economic and environmental services</b>	500	1 000	2 010	3 020	3 515	1 810	1 510	13 877	1 810	–	–	3 592	32 444	27 660	34 406	
	Planning and development	–	–	–	10	10	10	10	20	–	–	–	–	60	60	65	
	Road transport	500	1 000	2 010	3 010	3 505	1 800	1 500	13 857	1 810	–	–	3 592	32 384	27 600	34 341	
	<b>Trading services</b>	115	281	701	1 531	2 213	2 036	1 833	3 043	1 203	391	3 881	113	17 335	42 617	38 617	
	Electricity	115	281	321	521	893	1 521	1 327	1 521	393	321	221	113	7 542	8 820	8 940	
	Water	–	–	380	1 010	1 310	510	506	1 462	800	70	–	–	6 048	31 242	27 305	
	Waste water management	–	–	–	–	–	–	–	60	10	–	3 660	–	3 730	2 540	2 357	
	Waste management	–	–	–	–	10	5	–	–	–	–	–	–	15	15	15	
	<b>Total Capital Expenditure - Standard</b>	1 293	3 854	5 169	7 904	9 437	6 526	5 723	20 319	5 912	3 467	7 845	15 435	92 885	93 451	91 633	
<b>Funded by:</b>																	
	National Government	500	1 000	2 200	4 000	4 300	1 300	1 200	4 062	1 710	437	–	–	20 709	21 387	22 403	
	Provincial Government	6	1 941	1 316	1 941	1 756	1 956	1 776	10 856	1 886	2 056	3 131	2 656	31 275	26 800	26 250	
	<b>Transfers recognised - capital</b>	506	2 941	3 516	5 941	6 056	3 256	2 976	14 918	3 596	2 493	3 131	2 656	51 984	48 187	48 653	
	Public contributions & donations	–	–	–	–	–	–	–	–	–	–	1 500	–	1 500	–	–	
	Borrowing	–	–	–	–	–	–	–	–	–	–	–	8 500	8 500	18 500	23 500	
	Internally generated funds	787	913	1 653	1 963	3 382	3 270	2 747	5 401	2 317	975	3 215	4 279	30 901	26 764	19 480	
	<b>Total Capital Funding</b>	1 293	3 854	5 169	7 904	9 437	6 526	5 723	20 319	5 912	3 467	7 845	15 435	92 885	93 451	91 633	



Swartland Municipality

2015/16 Annual Budget and MTREF

## MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS		Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Cash Receipts By Source</b>													1			
Property rates	12 362	9 373	5 873	5 965	6 616	5 738	5 785	5 649	5 608	5 564	5 562	898	74 992	82 310	89 989	
Service charges - electricity revenue	16 136	17 354	16 273	14 931	15 432	15 791	15 248	15 150	14 958	14 908	15 368	26 836	198 382	222 848	249 670	
Service charges - water revenue	2 107	1 805	1 655	1 810	2 728	2 778	3 773	3 906	3 588	2 992	2 547	9 851	39 539	43 808	51 456	
Service charges - sanitation revenue	6 522	83	1 193	1 462	1 676	1 513	1 483	1 397	1 411	1 431	1 416	4 294	23 881	26 235	27 366	
Service charges - refuse revenue	1 874	1 343	1 333	1 351	1 407	1 339	1 346	1 342	1 340	1 335	1 337	1 382	16 730	17 694	18 344	
Rental of facilities and equipment	185	133	252	697	354	195	331	276	322	239	125	72	3 182	3 343	3 512	
Interest earned - external investments	67	79	0	45	45	23	1 877	14	16	23	12	6 100	8 300	7 300	6 300	
Interest earned - outstanding debtors	91	90	87	123	120	110	120	117	114	117	114	106	1 307	1 353	1 402	
Fines	663	689	762	804	827	820	852	860	822	851	829	855	9 635	9 686	9 736	
Licences and permits	313	279	262	304	269	216	298	272	266	250	270	276	3 273	3 323	3 373	
Agency services	232	205	229	256	242	225	270	214	237	221	240	227	2 799	2 939	3 086	
Transfer receipts - operational	13 219	1 444	—	2 165	22 394	—	2 165	—	18 780	—	874	1 665	62 706	69 897	78 953	
Other revenue	972	1 427	1 193	1 179	1 467	1 619	1 326	1 382	1 331	1 139	1 333	2 500	16 868	16 114	16 377	
<b>Cash Receipts by Source</b>	<b>54 744</b>	<b>34 304</b>	<b>29 111</b>	<b>31 093</b>	<b>53 577</b>	<b>30 366</b>	<b>34 873</b>	<b>30 578</b>	<b>48 789</b>	<b>29 070</b>	<b>30 027</b>	<b>55 062</b>	<b>461 594</b>	<b>506 848</b>	<b>559 564</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	3 751	25 681	66 939	67 657	76 053	
Contributions recognised - capital & Contributed assets	—	—	—	—	—	—	—	—	—	—	1 500	—	1 500	—	—	
Proceeds on disposal of PPE	—	—	—	—	200	—	—	—	—	—	—	—	200	200	200	
Borrowing long term/refinancing	—	—	—	—	—	8 500	—	—	—	—	—	—	8 500	18 500	23 500	
Increase (decrease) in consumer deposits	49	49	49	49	49	49	49	49	49	49	49	49	591	632	676	
Decrease (Increase) in non-current debtors	2	2	2	2	2	2	2	2	2	2	2	2	24	24	24	
<b>Total Cash Receipts by Source</b>	<b>58 546</b>	<b>38 106</b>	<b>32 913</b>	<b>34 895</b>	<b>57 579</b>	<b>42 668</b>	<b>38 675</b>	<b>34 380</b>	<b>52 591</b>	<b>32 872</b>	<b>35 329</b>	<b>80 794</b>	<b>539 347</b>	<b>593 861</b>	<b>660 017</b>	
<b>Cash Payments by Type</b>																
Employee related costs	11 462	12 383	12 560	12 547	18 395	12 455	12 552	10 430	11 305	12 917	11 844	14 728	153 579	159 973	171 968	
Remuneration of councillors	693	753	723	723	723	723	723	1 333	802	802	784	747	9 530	10 050	10 229	
Finance charges	—	—	—	—	—	10 100	—	—	—	—	—	10 100	20 199	19 726	19 254	
Bulk purchases - Electricity	3 306	17 070	20 240	15 827	10 236	12 937	14 503	13 835	13 258	10 765	12 813	17 186	161 975	179 404	200 919	
Bulk purchases - Water & Sewer	512	2 643	3 134	2 451	1 585	2 003	2 246	2 142	2 053	1 667	1 984	2 661	25 081	28 336	32 527	
Contracted services	243	265	297	365	264	316	355	297	287	331	296	339	3 655	3 917	4 128	
Transfers and grants - other	201	366	337	202	226	27	201	72	27	201	32	244	2 137	2 137	2 137	
Other expenditure	2 202	5 275	5 366	6 172	6 272	7 256	5 976	5 587	5 641	6 478	5 681	8 155	70 060	70 501	74 892	
<b>Cash Payments by Type</b>	<b>18 620</b>	<b>38 755</b>	<b>42 659</b>	<b>38 287</b>	<b>37 700</b>	<b>45 817</b>	<b>36 557</b>	<b>33 696</b>	<b>33 373</b>	<b>33 159</b>	<b>33 435</b>	<b>54 159</b>	<b>446 217</b>	<b>474 043</b>	<b>516 054</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	3 854	5 169	7 904	9 437	6 526	5 723	20 319	5 912	3 467	7 845	15 435	1 293	92 885	93 451	91 633	
Repayment of borrowing	—	—	—	—	—	2 874	—	—	—	—	—	2 874	5 748	6 228	6 860	
<b>Total Cash Payments by Type</b>	<b>22 474</b>	<b>43 924</b>	<b>50 563</b>	<b>47 724</b>	<b>44 226</b>	<b>54 414</b>	<b>56 876</b>	<b>39 608</b>	<b>36 840</b>	<b>41 005</b>	<b>48 870</b>	<b>58 326</b>	<b>544 850</b>	<b>573 722</b>	<b>614 547</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 072</b>	<b>(5 818)</b>	<b>(17 649)</b>	<b>(12 829)</b>	<b>13 353</b>	<b>(11 746)</b>	<b>(18 201)</b>	<b>(5 228)</b>	<b>15 751</b>	<b>(8 133)</b>	<b>(13 542)</b>	<b>22 467</b>	<b>(5 503)</b>	<b>20 139</b>	<b>45 470</b>	
Cash/cash equivalents at the month/year begin:	188 123	224 194	218 376	200 726	187 897	201 250	189 504	171 304	166 075	181 826	173 694	160 152	188 123	182 619	202 758	
Cash/cash equivalents at the month/year end:	224 194	218 376	200 726	187 897	201 250	189 504	171 304	166 075	181 826	173 694	160 152	182 619	182 619	202 758	248 228	



## 2.10 External Mechanisms

The following external mechanism is currently utilised at the municipality:

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Hein Baumgarten	Yrs	4	Highlands Refuse Dump: Recycling	None	168

## 2.11 Contracts having future budgetary implications

The following contracts have future budgetary implications:

Description	Preceding Years	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework			Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Total Contract Value
	Total	Original Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Parent Municipality:</b>													
<b>Revenue Obligation By Contract</b>													
Contract 1													-
Contract 2													-
Contract 3 etc													-
<b>Total Operating Revenue Implication</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditure Obligation By Contract</b>													
Sintell - Traffic fines	-	-	2 756	2 100	2 205	2 315	2 431	2 553	2 680	2 814	2 955	3 103	25 912
Belstow - Traffic fines	2 668	2 625	-	-	-	-	-	-	-	-	-	-	5 293
Refuse Removal (VS Mitchell)	297	341	359	384	409	442	477	515	541	568	596	626	5 554
Telephone systems	140	138	145	152	160	168	176	185	194	204	214	225	2 103
Cleaning Of public Spaces	700	625	772	510	536	563	591	620	541	541	541	541	7 080
<b>Total Operating Expenditure Implication</b>	3 805	3 730	4 031	3 146	3 310	3 487	3 675	3 873	3 956	4 127	4 306	4 495	45 943
<b>Total Entity Expenditure Implication</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

## 2.12 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.



**MBRR SA34a - Capital expenditure on new assets by asset class**

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	-	4 817	20 156	6 346	33 098	31 179	23 409	29 040
Infrastructure - Road transport	-	2 350	9 138	1 996	16 788	17 649	3 656	3 288
<i>Roads, Pavements &amp; Bridges</i>	-	-	473	1 100	1 267	7 449	3 656	3 288
<i>Storm water</i>	-	2 350	8 665	896	15 521	10 200	-	-
Infrastructure - Electricity	-	-	5 000	4 250	8 250	4 700	-	-
<i>Transmission &amp; Reticulation</i>	-	-	5 000	4 250	8 250	4 700	-	-
Infrastructure - Water	-	1 129	3 659	100	3 561	5 280	19 752	23 500
<i>Dams &amp; Reservoirs</i>	-	179	2 551	100	186	5 280	-	-
<i>Reticulation Water</i>	-	949	1 109	-	3 375	-	19 752	23 500
Infrastructure - Sanitation	-	1 338	2 359	-	4 500	3 550	-	2 252
<i>Reticulation Sanitation</i>	-	1 338	2 359	-	4 500	3 550	-	2 252
<b>Community</b>	-	383	-	3 100	100	11 823	21 055	14 941
Parks & gardens	-	-	-	-	-	1 500	2 570	3 995
Sports fields & stadia	-	383	-	-	100	3 317	7 785	3 246
Libraries	-	-	-	-	-	2 355	3 000	-
Other Community	-	-	-	3 100	-	4 650	7 700	7 700
<b>Investment properties</b>	-	1 195	-	-	-	-	-	-
Housing development	-	1 195	-	-	-	-	-	-
<b>Other assets</b>	-	4 642	9 201	6 363	8 754	10 690	3 092	5 820
General vehicles	-	-	87	-	-	-	-	-
Specialised vehicles	-	-	2 935	-	-	-	-	-
Plant & equipment	-	-	-	400	415	-	-	-
Computers - hardware/equipment	-	11	1 146	2 310	3 097	600	700	1 650
Furniture and other office equipment	-	2 490	1 295	1 463	1 413	790	817	845
Other Buildings	-	639	272	-	700	-	-	-
Other Land	-	1 278	-	1 250	1 250	8 500	-	-
Other -Other Assets	-	225	3 467	940	1 880	800	1 575	3 325
<b>Total Capital Expenditure on new assets</b>	-	11 037	29 356	15 808	41 952	53 691	47 556	49 801





### MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>86 467</b>	<b>66 164</b>	<b>50 260</b>	<b>58 019</b>	<b>58 077</b>	<b>37 602</b>	<b>44 345</b>	<b>41 612</b>
Infrastructure - Road transport	14 383	11 305	8 325	9 877	10 040	24 910	23 394	29 982
Roads, Pavements & Bridges	13 251	10 405	7 675	9 377	9 540	24 610	22 994	26 942
Storm water	1 132	900	650	500	500	300	400	3 040
Infrastructure - Electricity	10 523	15 253	5 186	4 450	4 345	6 200	7 000	7 800
Transmission & Reticulation	10 523	15 253	5 186	4 450	4 345	6 200	7 000	7 800
Infrastructure - Water	2 147	8 845	2 613	2 738	2 738	2 832	11 451	3 765
Dams & Reservoirs	200	3 463	649	540	540	270	6 874	-
Reticulation Water	1 947	5 381	1 964	2 198	2 198	2 562	4 577	3 765
Infrastructure - Sanitation	59 413	30 561	34 137	40 954	40 954	3 660	2 500	65
Reticulation Sanitation	115	30 561	34 137	40 954	40 954	3 660	2 500	65
Sewerage purification	59 298	-	-	-	-	-	-	-
Infrastructure - Other	-	200	-	-	-	-	-	-
Waste Management	-	200	-	-	-	-	-	-
<b>Community</b>	<b>2 325</b>	<b>1 618</b>	<b>989</b>	<b>944</b>	<b>799</b>	<b>-</b>	<b>80</b>	<b>80</b>
Parks & gardens	-	-	-	-	-	-	80	80
Sports fields & stadia	243	688	989	600	600	-	-	-
Swimming pools	1 304	-	-	-	-	-	-	-
Cemeteries	-	377	-	344	199	-	-	-
Other Community	778	553	-	-	-	-	-	-
<b>Investment properties</b>	<b>2 075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	2 075	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>16 725</b>	<b>8 009</b>	<b>4 848</b>	<b>6 303</b>	<b>6 668</b>	<b>1 592</b>	<b>1 470</b>	<b>140</b>
General vehicles	9 683	6 853	3 531	5 253	5 618	560	-	-
Specialised vehicles	2 196	-	-	-	-	-	-	-
Plant & equipment	3 091	-	40	-	-	-	-	-
Computers - hardware/equipment	629	-	764	-	65	30	500	-
Furniture and other office equipment	367	-	52	-	-	-	-	-
Other Buildings	97	400	-	-	-	-	-	-
Other Land	655	-	-	-	-	-	-	-
Other -Other Assets	8	756	461	1 050	985	1 002	970	140
<b>Intangibles</b>	<b>255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	255	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>107 848</b>	<b>75 791</b>	<b>56 097</b>	<b>65 266</b>	<b>65 544</b>	<b>39 194</b>	<b>45 895</b>	<b>41 832</b>



### MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>								
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>9 422</b>	<b>10 334</b>	<b>10 631</b>	<b>11 470</b>	<b>12 530</b>	<b>11 626</b>	<b>12 137</b>	<b>12 652</b>
Infrastructure - Road transport	3 307	3 387	3 406	3 665	4 725	3 561	3 684	3 792
Roads, Pavements & Bridges	251	272	253	277	1 337	291	306	321
Storm water	3 055	3 115	3 153	3 388	3 388	3 270	3 379	3 471
Infrastructure - Electricity	986	1 079	934	1 199	1 199	1 011	1 061	1 113
Transmission & Reticulation	690	679	646	744	744	721	756	794
Street Lighting	296	400	289	455	455	290	305	320
Infrastructure - Water	823	827	924	976	976	957	994	1 034
Reticulation Water	823	827	924	976	976	957	994	1 034
Infrastructure - Sanitation	1 291	1 587	1 494	1 459	1 459	1 617	1 693	1 772
Reticulation Sewerage	1 291	1 587	1 494	1 459	1 459	1 617	1 693	1 772
Infrastructure - Other	3 015	3 453	3 872	4 171	4 171	4 481	4 705	4 940
Waste Management	3 015	3 453	3 872	4 171	4 171	4 481	4 705	4 940
<b>Community</b>	<b>669</b>	<b>656</b>	<b>642</b>	<b>1 612</b>	<b>1 652</b>	<b>653</b>	<b>682</b>	<b>713</b>
Sportsfields & stadia	357	276	263	393	393	250	263	276
Swimming pools	59	85	166	846	846	100	105	111
Libraries	20	–	–	–	–	–	–	–
Recreational facilities	139	166	114	207	207	194	201	210
Fire, safety & emergency	9	7	13	45	45	17	18	19
Security and policing	7	–	–	2	2	–	–	–
Cemeteries	56	96	46	79	79	62	65	68
Social rental housing	22	26	40	40	80	30	30	30
<b>Other assets</b>	<b>5 349</b>	<b>4 706</b>	<b>5 751</b>	<b>7 124</b>	<b>6 809</b>	<b>8 279</b>	<b>8 991</b>	<b>9 672</b>
General vehicles	1 994	2 073	2 737	4 061	3 761	4 725	5 338	6 238
Plant & equipment	656	566	685	855	855	933	977	1 049
Furniture and other office equipment	1 117	374	358	609	553	581	1 010	641
Other Buildings	1 583	1 692	1 971	1 600	1 640	2 040	1 666	1 744
<b>Total Repairs and Maintenance Expenditure</b>	<b>15 440</b>	<b>15 696</b>	<b>17 024</b>	<b>20 207</b>	<b>20 991</b>	<b>20 559</b>	<b>21 811</b>	<b>23 036</b>



**MBRR SA34d - Depreciation by asset class**

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Depreciation by Asset Class/Sub-class</u></b>								
<b>Infrastructure</b>	<b>52 191</b>	<b>56 593</b>	<b>54 332</b>	<b>61 102</b>	<b>61 102</b>	<b>64 949</b>	<b>70 542</b>	<b>72 217</b>
Infrastructure - Road transport	23 026	25 015	24 949	27 510	27 510	28 427	30 161	30 907
Roads, Pavements & Bridges	23 026	25 015	24 949	27 460	27 460	28 412	30 134	30 832
Storm water	–	–	–	50	50	16	26	74
Infrastructure - Electricity	10 967	11 402	11 124	11 596	11 596	12 313	13 081	13 648
Transmission & Reticulation	10 967	11 402	11 124	11 592	11 592	4 413	5 181	5 753
Street Lighting	–	–	–	4	4	7 900	7 900	7 895
Infrastructure - Water	9 403	10 491	9 286	10 297	10 297	10 565	10 948	11 349
Dams & Reservoirs	1 609	2 547	1 211	1 625	1 625	1 771	1 895	1 996
Water purification	–	–	–	52	52	57	71	82
Reticulation	7 794	7 944	8 075	8 620	8 620	8 737	8 982	9 271
Infrastructure - Sanitation	6 851	9 147	8 755	11 390	11 390	13 144	15 852	15 816
Reticulation	6 851	9 147	8 755	10 186	10 186	11 939	14 648	14 612
Sewerage purification	–	–	–	1 205	1 205	1 205	1 205	1 205
Infrastructure - Other	1 944	538	217	309	309	500	500	497
Waste Management	1 944	538	217	287	287	479	479	476
Other	–	–	–	22	22	21	21	21
<b>Community</b>	<b>3 023</b>	<b>2 769</b>	<b>1 096</b>	<b>4 474</b>	<b>4 474</b>	<b>4 514</b>	<b>4 933</b>	<b>5 582</b>
Parks & gardens	45	118	75	49	49	49	49	49
Sportsfields & stadia	775	2 529	887	1 024	1 024	1 031	1 352	2 080
Swimming pools	–	–	–	33	33	33	33	33
Community halls	1 695	–	–	790	790	790	790	668
Libraries	508	–	–	383	383	383	383	383
Recreational facilities	–	–	–	529	529	496	516	596
Fire, safety & emergency	–	–	–	139	139	139	139	135
Security and policing	–	–	–	710	710	636	653	621
Clinics	–	–	–	489	489	489	489	489
Museums & Art Galleries	–	–	–	38	38	34	34	34
Cemeteries	–	122	133	26	26	25	25	25
Social rental housing	–	–	–	13	13	13	13	13
Other	–	–	–	251	251	397	457	457
<b>Investment properties</b>	<b>50</b>	<b>1 556</b>	<b>1 566</b>	<b>353</b>	<b>353</b>	<b>233</b>	<b>233</b>	<b>201</b>
Housing development	–	–	–	353	353	233	233	201
Other	50	1 556	1 566	–	–	–	–	–
<b>Other assets</b>	<b>11 163</b>	<b>13 883</b>	<b>12 710</b>	<b>10 556</b>	<b>10 556</b>	<b>9 020</b>	<b>9 241</b>	<b>8 733</b>
General vehicles	2 201	2 204	2 013	2 918	2 918	1 853	1 825	1 527
Specialised vehicles	484	1 022	798	1 191	1 191	999	976	926
Plant & equipment	–	–	1 565	2 310	2 310	1 975	1 813	1 577
Computers - hardware/equipment	550	1 167	797	456	456	503	550	631
Furniture and other office equipment	2 577	2 739	722	1 387	1 387	1 329	1 353	1 022
Civic Land and Buildings	–	–	–	1 492	1 492	1 492	1 492	1 487
Other Buildings	5 109	6 657	6 684	766	766	828	1 179	1 511
Other Land	1	21	–	27	27	31	43	43
Surplus Assets - (Investment or Inventory)	23	–	–	–	–	–	–	–
Other	217	73	132	10	10	10	10	8
<b>Intangibles</b>	<b>69</b>	<b>118</b>	<b>235</b>	<b>159</b>	<b>159</b>	<b>159</b>	<b>159</b>	<b>159</b>
Computers - software & programming	69	118	235	159	159	159	159	159
<b>Total Depreciation</b>	<b>66 496</b>	<b>74 919</b>	<b>69 939</b>	<b>76 645</b>	<b>76 645</b>	<b>78 876</b>	<b>85 108</b>	<b>86 892</b>
<b>Specialised vehicles</b>	<b>484</b>	<b>1 022</b>	<b>798</b>	<b>1 191</b>	<b>1 191</b>	<b>999</b>	<b>976</b>	<b>926</b>
Refuse	484	1 022	798	1 158	1 158	966	943	893
Fire	–	–	–	33	33	33	33	33

**MBRR SA35 - Future financial implications of the capital budget**

No future implications identified on the capital budget beyond the MTREF period.

**MBRR SA36 - Detailed capital budget per municipal vote**

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

**2.13 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

**1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

**2. Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 4 interns undergoing training in various divisions of the Financial Services Department. Two interns are permanently based in the Budget office to help build capacity. During the past year one intern has been absorbed by the municipality and is permanently employed in the budget office.

**3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

**4. Audit Committee**

An Audit Committee has been established and is fully functional.

**5. Service Delivery and Implementation Plan**

The detail SDBIP document will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

**6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.



**7. MFMA Training**

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing. Most of the employees and interns were graduated on the 6<sup>th</sup> of December 2013

**8. Policies**

Refer to section 2.3.



## 2.14 Manager's quality certificate

I JJ Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: SCHOLTZ

Municipal Manager of Swartland Municipality

Signature: [Handwritten Signature]

Date: 26/05/2015